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**Vault  
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IN THE MATTER OF The Public Inquiries Act  
being Chapter 258 of the Revised Statutes  
of Alberta, 1955; and

IN THE MATTER OF an Inquiry into the ad-  
ministration, management and financial  
affairs of the Lethbridge Central Feeder's  
Association Limited, and the general  
operation in respect to the participation  
of the members therein.

---

P R O C E E D I N G S

at a Hearing held before

HIS HONOUR JUDGE L. SHERMAN TURCOTTE

---

VOLUME VI

DATE January 5, 1965

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- 730 -

I N D E X

PROCEEDINGS TAKEN JANUARY 5, 1965:

WITNESSES:

LEONARD MEHEW:

Direct Examination. . . . .	750
Cross Examination by Mr. Moscovich. . . . .	813
Cross Examination by Mr. Prowse . . . . .	814
Cross Examination by Mr. Palmer . . . . .	824
Re-Cross Examination by Mr. Moscovich . . . . .	829

JOHN B. MERRILL:

Direct Examination. . . . .	837
Cross Examination by Mr. Moscovich. . . . .	862
Cross Examination by Mr. Prowse . . . . .	863

JOHN PEREVERZIFF:

Direct Examination. . . . .	870
Cross Examination by Mr. Prowse . . . . .	907

Q Your name is Leonard Mehew?

A Yes sir.

Q And you are from Wellings, I believe?

A That's right.

Q And that is where your farm is located, Wellings?

A Yes.

Q In what farming activity do you specialize, Mr. Mehew? Is it cattle?

A Cattle, and grain.

Q How many acres do you have in your farm?

A Two acres is wooded land?

A Yes.

THE COURT: All right. Well, your family setup, Mr. Mehew.





PROCEEDINGS TAKEN JANUARY 5th, 1965

MR. WEIR: Leonard Mehew.

THE COURT: LEONARD MEHEW, having first been duly sworn, examined by Mr. Weir, testified as follows:

MR. PALMER: Your Honour, before Mr. Mehew is examined, inasmuch as it is very difficult to determine what evidence will be coming out we would like to ask for the protection of the Canada and Alberta Evidence Acts.

THE COURT: The protection of the Canada Evidence Act and the Alberta Evidence Act will be granted to Mr. Mehew.

MR. PALMER: Thank you.

MR. WEIR:

Q Your name is Leonard Mehew?

A Yes sir.

Q And you are from Welling, I believe?

A That's right.

Q And that is where your farm is located, Welling?

A Yes.

Q In what farming activity do you specialize, Mr. Mehew? Is it cattle?

A Cattle, and grain.

Q How many acres do you have in your farm?

A You mean in beeted land?

Q Yes.

THE COURT: Well, your family setup, Mr. Mehew,





that you farm?

A That I farm, altogether?

THE COURT: Yes.

A Well, I did farm, up to the last four years I farmed two and a quarter sections of land.

THE COURT: Two and a quarter.

MR. WEIR:

Q And how many acres would be under cultivation in dryland farming?

A Oh, I would say about 1800.

Q 1800---

A Yes.

Q Acres under cultivation?

A Cultivation, yes sir.

Q Now, what would be the percentage between the dryland farming and the irrigated?

A Oh, it would only be about, 6%, 7% irrigation, balance of dryland.

Q And what crops did you grow on the cultivated portion?

A Mostly barley and beets.

Q When did you join the Lethbridge Central Feeders Association?

Was it on---

A I believe it's there, isn't it?

Q Pardon me?

A Isn't it there?

Q Well, I am just wondering when you applied. There is an item





in the Board meetings of December the 16th, 1958, which indicates that Leonard Mehew was approved for \$10,000.00, and there is another notation on the minutes of the Board to the effect that Mehew's limit to be \$10,000.00 and subject to his clear title of land.

A Well, now, in 58 I didn't join anything.

Q Well, you must have submitted an application before then, before this particular meeting of December the 16th, 1958, or it wouldn't have come up.

A Well, it doesn't show I joined it. Doesn't show my deposit, \$500.00.

Q Well, this particular minute here, that I have referred to in the Board meeting, this is merely approving your application for membership, so I presume that you must have applied before that date, at least.

A Well, I can't remember.

Q What was the highest authorized limit that you, limit of credit that you had with the Lethbridge Central Feeders Association, that was approved by the Board?

A \$40,000.00.

Q I am showing you, Mr. Mehew, a group of ledger cards. This was, this one is simply entitled, L. Mehew, Welling?

A Yes.

Q This is you, is it?

A Yes.

Q There are two more here. This one is Leonard Mehew and





Wayne, and this one is Johansen and Mehew. Have you seen these ledger cards before?

A Well, no.

Q You never went into the Association office and looked at them?

A No sir.

THE COURT: Well, did anybody look at them?  
I presume you filed income tax returns?

A No, I didn't.

Q Never filed income tax returns?

A Not for the last five years, no.

Q I never knew that they didn't show a little interest, inasmuch as that.

A Well, I was taking notice of Mr. Peterson's books.

Q Pardon?

A I was taking notice of Mr. Peterson's books, Cliff Peterson's books. I was asking him how we stood.

Q Oh, that's with the Association?

A That's right.

Q But you never filed income tax?

A Not for the last five years, no.

Q Did anybody file on your business?

A No.

MR. WEIR:

Q Here is one entry here, I am just picking this one at random, July the 10th, 1963. According to this ledger card you had



a balance of almost \$136,000.00?

A Yes.

Q Do you see that there?

A Yes.

Q Now, are you trying to suggest to us that a man that had an ostensible indebtedness to this Lethbridge Central Feeders Association of \$136,000.00, that you never took enough interest to even go in and look at these ledger cards, or have someone else go in and look at them on your behalf?

A Were they in there? Were they in that one set of books?

Q Each one of these cards, they were always on deposit in the office of the Lethbridge Central Feeders Association, in those trays that you see over there?

A Yes.

Q In those ledger trays.

A I never went in there.

Q You never went in yourself?

A I never went in myself, no.

Q And you never had anyone go in and look at them on your behalf?

A No.

Q Well, how did you know how you stood with the Association? Did you keep your own records?

A Pretty well, some, yes.

Q Some?





A Some. Well, they are there.

Q Perhaps they will be of assistance to us as we proceed further?

A Yes.

THE COURT: Perhaps, Mr. Weir, if you would go back at the beginning, when he was under N.A.B., and start, and just bring him forward in a manner so that we can follow it. The transactions with Johansen, his joint feeding account with him, and so forth and so on.

Q You were going business long before you became a member?

THE WITNESS: Yes, I was feeding some. Contract feeding.

THE COURT: That's right.

MR. WEIR: Your Honour, if it's alright, I already have the, I was going to refer to the advances first, and then---

THE COURT: Alright.

MR. WEIR:

Q Now, I presume, Mr. Mehew, that you would have a fairly good idea of the amount of cash advances that you received through the Association?

A Yes, yes.

Q Now, I have added, myself, the cash advances that you personally have received, plus, and note this, plus cheques that have gone to John Mehew and Wayne Mehew?





A Yes.

Q Now, for the year 1963 I have totalled for these figures the sum of \$41,019.00. Now, do you recall this, or would you like to go through the ledger cards? We can do this if you like, but you said that you already kept some records, yourself?

A Well, there they are. I believe Mr. Palmer could maybe explain it better than I could.

Q Well, you are the witness, Mr. Mehew.

A It's hard for me to say. I---

Q Well, would you like to see your books? Would you like to come down and look at them?

A No, I can't. Mr. Palmer has got all that stuff. I can't tell you too much about it, I mean.

Q Well, you just told us that you at least would have a rough idea of your cash advances.

A Well, I have a rough idea, yes.

Q Well, does it---

A Was that in 63?

Q This is in 1963. Perhaps, just to go through a couple of previous years for you, which might help to refresh your memory. In 1962 the cash advances by the Association, plus the cheques to John and Wayne Mehew, they totalled \$31,269.00. In 1961, \$25,239.00. 1960, \$37,575.00. In 1959, \$21,669.00, and in 1958, \$19,210.00.

A Well now, what's this Wayne and John Mehew? What's these



cheques? Are they charged to me?

Q Well, they went through this particular account, yes.

A Well, why would they be put through to me?

Q Well, I wasn't the bookkeeper, I am simply asking you.

A Well, that's what I say, why were they put through to me?  
I don't know.

THE COURT: Well, who is John Mehew?

A That's my son, and Wayne Mehew is my son.

THE COURT:

Q Pardon?

A And Wayne Mehew is my son.

Q Alright. Weren't you feeding together?

A No. I mean, how do you mean, Mr. Turcotte, feeding together?  
They had, like, they had a few head of cattle in my corral,  
but they didn't have them through Central, yes, I am wrong.  
My boy did buy some through Central Feeders, Wayne Mehew.

Q Well---

MR. WEIR:

Q Well, we can go down the individual accounts if you like,  
Mr. Mehew. The amounts in question to them are not  
terribly significant, I don't think, in relation to the  
totals. Would you just---

A I can't just see them.

Q You can't see them. Well, perhaps your lawyer would help.

A Oh, that's alright.

MR. PALMER: What do you want me to do?





MR. WEIR: Would you just go through the months here to assist us. This is 1963, let's start off with January the 16th.

Now, on January the 16th, 1963, we have a cash advance of \$11,000.00.

Mr. Palmer is checking his records. I am wondering, Your Honour, it may be faster if we simply have some of these checks drawn?

THE COURT: What is the date?

MR. WEIR: January the 16th, 1963, \$11,000.00.

MR. PALMER: That was deposited.

THE COURT: Well, there is your cheque, and there is your endorsement, for deposit only.

MR. PALMER: That was deposited to your account.

THE WITNESS: Well, that's Leonard Mehew.

THE COURT: That's you, Leonard, yes.

THE WITNESS: Yes. Well, I was asking, John and Wayne Mehew.

MR. WEIR: Well, I am just going through the cash advances, plus the cheques to John and Wayne Mehew.

A Oh, I see.

MR. WEIR:

Q I put them all in one total.

A I see.

Q Now, in the same month, January the 22nd, a cheque to Wayne Mehew, of \$1624.65.





THE COURT: That's a settlement of \$2317.65, less an account, \$663.25, less interest of \$29.75, making a cheque for \$1624.65, and it was put into his account in the Bank of Montreal.

THE WITNESS: That was for cattle he sold, wasn't it?

THE COURT: I presume, yes.

THE WITNESS: Yes. Yes, he put \$500.00 up one time and borrowed the balance of the money from the Bank of Montreal and bought the cattle from Central Feeders.

THE COURT:

Q Alright. Well, maybe some of these should be taken out of your account and put in---

A Well, they are not my account.

Q Not your account. Well maybe, though, you have got the credits, as well, you see.

A I don't know.

Q If it's all in one, you have got the credits as well as the debits.

A Yes.

Q Well, let's go on.

MR. WEIR:

Q Okay. On April the 18th, to John Mehew, \$201.25.

MR. PALMER: There is a credit balance on that one, as well.

MR. WEIR: On May the 6th, 1963, \$1500.00.



This was to Leonard Mehew, an advance, presumably.

THE COURT:

Q You got \$100.00 in cash out of that, according to this.

A Yes.

Q Got the rest in the bank.

A I see.

Q Alright.

MR. WEIR: June the 5th, 1963, to John Mehew, \$5,410.18, and there is another one to Wayne Mehew on that same day, \$1348.72.

THE COURT: I think that must be a credit in the books on a settlement. What is the date?

MR. WEIR: July the 5th, 1963.

THE COURT: Oh, no, that's right, cheques are here. Now, would that be a transaction between the two of you? Were you---

A No, no. My boy owned them cattle. That's his own cattle, but he sold through Central Feeders though.

Q No.

A He just sold them. He never did deal through Central Feeders, at all.

Q Pardon?

A He never did deal through Central Feeders. He sold cattle through Central Feeders though, or Central Livestock.

Q Who is that, John?

A John Mehew, yes.





Q Well, you are getting credit for all these on your account.

A It doesn't show it on the balance here. \$90,000.00 is not much credit.

Q Well, it's in as a credit to you, and every time a cheque goes out--- No, it's a debit, I am sorry, a debit. Okay, go ahead.

MR. WEIR:

Q On July the 10th, 1963, \$1,000.00, Leonard Mehew. Did you find that?

MR. PALMER: Oh, yes, there is a drawing of that.

MR. WEIR: What?

MR. PALMER: There is a drawing of that amount. \$1,000.00?

MR. WEIR: Yes.

MR. PALMER: Sure.

MR. WEIR: Okay. And you are satisfied with that? August the 9th, 1963, to Wayne Mehew, \$149.05.

THE COURT: Well, those are all charged to your account, Mr. Mehew.

A They are charged?

THE COURT: Yes.

MR. WEIR: And another one, October 8th, 1963, to Wayne Mehew, \$1,038.82. And then on the 31st of October, 1963, a cheque to yourself of \$16000.00.

THE COURT: Can we stop there and wonder what you did with that money?



A I deposited that at the bank. That was my revolving credit at the bank.

Q \$16,000.00?

A Yes.

Q Well, what happened to it?

A Well, you mean---

Q What was it spent for?

A Oh, partly for feed, pay for machinery, and general---

Q Paid for machinery?

A Pay for some machinery, yes, and I had a \$16,000.00 revolving credit, and that was my living.

Q Well, shouldn't that have come from the Bank of Commerce?

A It did.

Q But it came through the Association?

A Well, yes, I got a cheque from the Association.

Q Yes. Well, why should your friends and neighbors throughout Southern Alberta put up \$16,000.00 for you to have revolving credit?

A Well, how did they put up \$16,000---

Q Because they are now paying for it?

A Yes, but that's after this cheque.

Q No, but here you say that you got \$16,000.00 which you were to use as revolving credit to pay for your machinery, to pay for your living?

A Yes.

Q How, in good conscience, can you say that the Lethbridge





Feeders should supply you with that money? I can see the bank supplying you with that money.

A Yes, but I figured I had that much money coming.

Q Oh, I see.

MR. WEIR:

Q Well, how did you know if you never looked at your ledger cards?

A Well, they never told me any different.

Q Well, there is only one other item in 1963 that I have in this column, it's December 16th, 1963--- No, there is three others. That amount, December 16th, 1963, to John Mehew, \$133.64. On December the 4th to Wayne Mehew, \$456.07, and again on the 4th, 1963, to Wayne Mehew, \$1,155.87. But just with relation to the cheques that were paid to you, the \$16,000.00 cheque, 1,000, the other 1500, and the 11,000, according to my quick arithmetic this comes to \$29,500?

A Yes.

Q You acknowledge, then, having received this amount of money?

A Yes. It shows in our bank statement.

Q What conversations did you have with Mr. Hatch regarding the advances for this year and other years? Did you have some set arrangement with Mr. Hatch that you could obtain X number of dollars?

A No. I think Mr. Hatch knew my business. We was in business together there, I mean, like the Central Feeders, themselves,



and he knew my business, and what I was doing.

THE COURT: In all fairness to Mr. Mehew, I'd like to point out that when he got the \$16,000.00 in October he had just, Central Feeders had just sold on his behalf \$55,866.23 worth of cattle. So, if he hadn't owed so much money at the time, according to the books, the \$16,000.00 would have been very reasonable.

A That's right.

Q On the sale of that much cattle. But---

A Well, this is the first time I ever did have \$16,000.00 from the bank, and I was dealing at the same bank that Central Feeders was, Imperial Bank of Commerce.

Q Well, in 1963---

A And so when this Central Feeders blew up the bank naturally demanded their money. They had a demand note right now. So that's the reason that I raised the \$16,000.00, and paid the bank.

Q Oh, you are talking about another 16,000. The 16,000 at the end.

A At the end, yes. This was deposited to my account, and I paid the Farm Improvement Loan out of that, and what I---

Q Oh, no, wait a minute. Again, you say you paid the Farm Improvement Loan?

A The payment on the Farm Improvement Loan.

Q Out of the 16,000?

A Yes.



Q I see. Alright.

MR. WEIR:

Q Which 16,000 is he referring to?

THE COURT: That is the 16,000---

THE WITNESS: That is the only 16,000, the only one.

THE COURT: That he got in October.

MR. PROWSE: He said when Central Feeders blew up he did this.

THE COURT: No, no. When Central Feeders blew up he paid the bank \$16,000.

MR. PROWSE: Well, it doesn't show in these accounts.

THE COURT: Oh, no. He is saying that he got this 16,000 in October, and then the next spring, the bank demanding \$16,000., he paid it, to the bank.

MR. PROWSE: He held \$16,000 all that time?

THE COURT: No, no. He mortgaged his farm for \$16,000 and paid it to the Canadian Imperial Bank of Commerce.

THE WITNESS: Or my wife's farm.

THE COURT: And paid off their debt. For, I don't know how much of it.

THE WITNESS: Paid it all.

THE COURT: Is that all you owed them?

THE WITNESS: Yes. Well, no. Plus the Farm





Improvement Loan, which I still owe.

THE COURT:

Q So you see, the situation is now, the bank has been paid, but the Lethbridge Feeders haven't been paid.

MR. WEIR: Your Honour, would you like to go through the other years at this time, in connection with the other advances?

THE COURT: Well, is there any reason, Mr. Mehew, except that you complain about being charged with Wayne and John's cheques, the other cheques are yours?

A As far as I am concerned, yes. Mr. Palmer has it all here, and it shows, yes.

THE COURT:

Q Do you think there is any reason for disputing our additions?

A No, not on the cheques, no.

Q I see. Well, will you take them, then, as---

A I will accept them as they are.

Q Alright, fine. We have gone through them two or three times---

A Well, I believe that, yes. We have my bank statements, where I deposited, and we compared them, and there is some, a few, but I mean, it's---

MR. WEIR: Your Honour, before I proceed, and while I am proceeding, I will give Mr. Palmer the opportunity of going over my figures with the slip from the adding machine so that if there is any dispute concerning the amounts he can advise us later.



THE COURT: Well, he can have all his cheques and check them too, if he wishes. As a matter of fact, I am not interested, particularly, in that, except in a general way.

THE WITNESS: Well, I am not either, because they compare with my bank deposits, and so on.

THE COURT: Alright. Well, let's go on to feed, then.

MR. WEIR: Well, before we proceed directly to feed, I am rather interested, Mr. Mehew, in your standard of living. You have apparently received quite a bit of money here.

THE COURT: Well, Mr. Weir, you can't compare standard of living, until you find out how much feed, because that's a reasonable amount of money to spend on feed, unless he got some more money. Getting \$156,000.00 in five years and feeding 400 head of cattle, he wouldn't have very much left for any standard of living.

MR. WEIR: Well, according to my figures, Mr. Mehew, in 1963, in addition to these cash advances, and the payments to Wayne and John that we have just gone over, I have an approximate total, not to the nearest cent, but an approximate total of \$36,488.00. Now, while you are thinking about the reasonableness of my calculations there, in 1962, again for feed, monies paid directly to people that supplied you with feed.





A Yes.

Q 1962, \$35,355.00. In 1961, \$15,279.00. Then in 1960 we have, apparently no payments made directly to people supplying you with feed, although I note in that year your advances came to a total of \$37,575.00. 1959, dropping down quite a bit in this year, \$11,247.00, and that's the last total that I made.

A Yes.

Q Now, do you acknowledge having received the benefit of these cheques that were paid to people who supplied you with feed?

A No, I---

Q You indicated that you didn't have to pay any income tax. Well, surely you must have done some calculations, at least to arrive at this joyful state of realizing that you didn't have to worry about income tax.

A No, no, I didn't come to that conclusion, at all. I just didn't make out any income tax. That's all.

Q Did you keep a record of your feed bills, at all?

A Not too good, no. I let Central Feeders keep that.

THE COURT: Well, do you want to go through the 1963 list? See what you think of them?

A Oh, I don't think that that matters, Mr. Turcotte. I don't believe that really matters, I will let---

MR. WEIR: Well, Mr. Mehew, I will just show you, according to the records that I have extracted from



your ledger card, it will be a little faster for you to look at, you can see the amounts that were charged to your account for supplies.

Now, in January the 3rd, 1963, an amount of \$636.54.

THE COURT: Where are you at?

MR. WEIR: January, 1963, Your Honour.

Excuse me. Mr. Palmer, you still have the ledger card if you would like to follow along with us.

THE COURT: I am sorry, January---

MR. WEIR: The 3rd, 1963.

THE COURT: What is the amount?

MR. WEIR: Supplies, \$636.00---

THE COURT: Oh, we didn't pull the supply cheques. Go ahead.

MR. WEIR: I am just going from the summary, a copy of which you have, Your Honour.

THE WITNESS: I can recognize that, anyway.

MR. WEIR: You can recognize it?

A Yes.

THE COURT: It would be no cheque anyway, it would be a voucher, because you got your supplies from the feeders, didn't you?

THE WITNESS: Some, yes.

MR. WEIR:

Q Now, looking down at these suppliers, February, March, and April, R. Heggie and Sons seem to be a constant supplier.



A Well, they supplied the grain. I bought grain off them.

Q I see.

THE COURT: Did you buy the hay from Gaszler?

A Yes.

Q There is 65 tons of hay, \$1365.00 on the 12th of February, 1963.

MR. WEIR: 1365.

THE WITNESS: Yes.

MR. WEIR:

Q You did---

A Oh, yes.

Q Well, looking down this list, are there any items indicated for supplies or feed that you doubt, at all, or in any month that you don't recall receiving any items for feed or supplies?

A No.

THE COURT:

Q Could I ask you this question; did you bring these slips in?

A No, Heggie brought them in.

Q You never saw them?

A Some. Some were signed.

Q Well, yes. These are signed by you?

A Yes.

Q So you would sign them?

A And Heggie would bring them in to Central Feeders.





Q And the feeders would pay him?

A Yes.

Q Well, if they are all signed, that is, so far as the Heggie amounts are concerned, they would be all okayed?

A That's right, and some of these Gaszler cheques I picked up, myself, and delivered to him.

Q You delivered to some of the people supplying you with feed and---

A Yes, I'd take the cheque, and have the cheque made out, and some of them was put to my own personal account. Like, part of this money would be in and I'd just get it in my name and then go pay them for feed, you see, and this is what they show here, that's right.

Q Well, you acknowledge these amounts, then, for 1963?

A Yes.

Q The Heggie cheques, statements, are pretty well all signed?

A Pretty well, yes.

Q But your hay cheques, I mean, there is no account---

A I think I picked them up, myself, them cheques for the hay. They was made out to these different people.

MR. WEIR:

Q Well, let's have a run through of 1962, looking at this summary that I have prepared. Are there any items appearing in any month that disturb you, that you would like us to pick out? If you would like we will have them all brought forward.

A You see, on these supplies, now, I mean, I get them from



Central Feeders, and they pay them, I don't know too much about them. I don't know too much about the supplies.

Q But you recall receiving supplies?

A Oh, yes, I got some supplies, yes.

Q And, in fact, through Central Feeders you were able to get---

A A discount.

Q Quite a substantial discount on your supplies?

A That's right, as I recall, that is correct.

Q Now, looking at March, this is quite a heavy month in 1962 for supplies, do you recall receiving supplies approximately in that proportion?

A You mean here, and here?

Q Yes, in March, 19---

A That's Heggie, that's feed.

Q Yes.

A And supplies.

Q Well, feed and supplies.

A Well, there's is only \$8.00---

Q But you recall receiving---

A Well, I mean, they are so small, that could have been penicillin, or anything. \$8.00, and \$8.40, that's not---

Q Then, in April and May you also have quite a few---

A Was this charged to me?

Q Yes.

THE COURT: What was that?

MR. WEIR: March the 27th, 1962.





THE COURT: What's the amount?

MR. WEIR: \$849.00, Leonard Christensen.

THE COURT: Well, that's for two loads of barley from Mr. Leonard Christensen.

THE WITNESS: Yes, that's right.

THE COURT:

Q Right?

A That's right.

MR. WEIR:

Q And you recall that?

A Yes.

Q Are there any others that you would like us to---

A See, they are not big enough for supplies, but---

Q No, but for example, on July the 10th, 1962, to R. Heggie and Son, \$1962---

A Well, they have all been checked, haven't they? R. Heggie and Sons, haven't they all been checked and, with the vouchers, showing that they got this money, and---

THE COURT: Yes. I don't think you need worry about the Heggie cheques.

THE WITNESS: No, I don't think so. I think we agreed on that.

THE COURT: They are all signed by you, and the cheques are---

THE WITNESS: I think so.

THE COURT: Yes.



MR. WEIR:

Q Well then, you acknowledge having received feed and supplied in 1962, then, in the sum of \$35,355.00?

A You've got one here for \$600 and something, and you have another one back here for 600 and something, wasn't it, in the back?

Q November the 10th, 1962, supplies, Your Honour, of \$618.00.

THE COURT: We have nothing.

MR. WEIR: We have nothing.

THE COURT: See, there would be no vouchers on supplies. There would be a bill, which we could draw, but we didn't draw them, because there is no cheque.

A No, there is no cheque.

Q But there is a---

A But all I can go by, Your Honour, is this, is what we got here, which---

Q Well, we can get those for you, because they are all itemized, the supply cheques are all itemized, and charged to various feeders.

A Yes.

Q And we have them on the one coming up on Thursday, but we didn't draw them on yours. I think that you will find that they are all okay.

A You will find they are okay?

Q Well, I think they are alright, but I don't want to put words in your mouth.



A No, no, but I mean---

MR. WEIR:

Q Well then, looking at 1962, you received these cash advances, plus these payments that we have referred to---

A Yes.

Q To John and Wayne Mehew, totalling to the sum of \$31,269.00, and feed and supplies of \$35,355.00, and then in 1963 we have under the cash advance column, \$41,019.00, and under feed and supplies, \$36,488.00.

Now, this, to a layman like myself, in the cattle business, seems like quite a substantial amount of money, and quite frankly I am interested in you giving us a brief outline on your standard of living, and one basic test that I would like to apply right now is to find out from you where you go on vacations, where you have gone on vacations, for example, in the past five years?

A Oh, go to Las Vegas, or Reno, California, in the winter time, never in the summer.

Q Have you gone to Europe, Hawaii, or any of these other places?

A No, of course not. We even got a camper. We take a camper so we don't have to pay high hotel bills.

Q Well, how many times have you gone down to Las Vegas and Reno in the past five years?

A I have been to Las Vegas twice, and I have been to Reno, I think three times.





Q This is a total of five---

A Five times.

Q Five times.

A Five years.

Q And you wouldn't have gone any more than five times to Las Vegas and Reno in that period of time?

A No.

Q Well now, satisfy my curiosity now, what happened when you went down to Las Vegas and Reno? Did you win, lose, or draw?

A Well, I didn't lose.

Q Or did you gamble?

A But I didn't gamble enough to lose.

Q You didn't gamble enough to lose?

A No.

Q Didn't lose any money, at all, in the five years?

A Not gambling, no, because I didn't gamble heavy enough to lose.

THE COURT:

Q What we are getting at, Mr. Mehew, would your visits to Reno and Las Vegas make a dent in this---

A No.

Q \$255,000.00 that you---

A No, it wouldn't.

Q Pardon?

A It wouldn't, because I am not that kind of a gambler.



Q Are you still interested in race horses?

A No. I haven't been for 10 years.

Q Pardon?

A I haven't been for 10 years.

Q Haven't been interested in race horses for 10 years. Well, that is fine.

MR. WEIR:

Q When was the last time you went down to Reno, or Las Vegas?

A January, or February, 19---

Q 63?

THE COURT: 64.

THE WITNESS: 64.

MR. WEIR:

Q 64. When was the next previous time that you went?

A Went in the fall of 64, I believe. I could look it up.

Q The fall of 1964, and January of 1964?

A Yes.

THE COURT: Well, the fall of 1964 would be just a couple of months ago. Do you mean that, or a year ago?

A No, a year before. Or no, it would be 1963.

THE COURT: It would be 1963.

THE WITNESS: That's right, 63.

MR. WEIR:

Q So you went in the fall of 1963.





A Fall of 1964.

Q And the fall of 1963, in October the 24th is when you received a cheque for \$16,000 from the Association.

A Yes.

Q You didn't take a good piece of this \$16,000 and go down to Las Vegas?

A We got cheques that will cover all that 16,000.

Q I am not suggesting you haven't the money to cover this \$16,000, I am just wondering what you did when you received this \$16,000 in October of 1963.

A I think I can prove that, I got cheques that will show you what I did with that 16 thousand.

Q Well, you are not answering my question. Did you or did you not take a reasonably good percentage of this \$16,000 cheque in October of 1963 and go down to either Las Vegas or Reno?

A No.

Q And in any event, during the past five years in your five trips that you made in total over that period of time, you never lost any money, at all, in Las Vegas or Reno?

A No sir, I haven't.

Q Well, I congratulate you.

A I didn't say I gambled, either.

Q You didn't gamble?

A Just a little bit.

MR. MOSCOVICH: Slot machines.

THE WITNESS: Not even slot machines.



MR. WEIR:

Q Well, what did you gamble, how did you gamble?

A I played Kino.

Q Kino. Well, tell us, I have never been to Las Vegas, or Reno?

A Well, it's bingo backwards.

Q Bingo backwards. Well, I find bingo forwards boring enough, but bingo backwards---

But the interesting thing is that you didn't lose any money, at all?

A I didn't lose any money, no.

Q Well, this is very good for you, then, that you didn't.

A Yes.

Q I don't think so many people can boast of that, having gone down so often.

Well, what interested you in going down year after year?

A Well, why shouldn't I? It's the most fabulous city in the world, either one of them, and we didn't stop at just Reno or Las Vegas, we went on to California, and--- We didn't take summer holidays, I guess we are entitled to take winter.

Q Were you ever turned down by Mr. Hatch on a request for a cash advance?

A No.

Q Did Mr.--- Did you pay anything to Mr. Hatch by way of a personal favor, or cash advance of some sort---

Q No.



Q In consideration of the extended credit that you had with the Association?

A No sir.

Q Did you feel that other members of the Association were receiving the same type of easy credit that you obviously obtained?

A I didn't know. I don't know their business.

Q Well, you have already told us that your authorized limit of credit was \$40,000.

A Yes.

Q And yet you have already examined your ledger card, at one particular stage it was approximately \$136,000.

A Yes, yes.

Q Now, did this strike you as being a little unusual, having a credit authorized at 40,000, and in effect getting credit of 136,000?

A Yes, it did.

Q Did Mr. Hatch ever comment to you about this arrangement which seemed unusual, as you have indicated?

A Well, I contacted Mr. Hatch once and asked him how he got this extra. I mean, I knew my credit was at 20,000 for two years, and 40 for another year, and I said, now, how do you get this extra money, and he said, we finance it. And I said what do you mean, finance it, 12% interest or something. He said no, no, he said, we finance it with just regular bank interest, 6%.





Q And you felt that you would always be paying 6% for---

A That's right.

Q For any monies that you received from the Association?

A Any money I got.

Q I am showing you a document which appears to be a financial statement, dated March the 8th, 1963. Do you recall this?

A Well, that's a bank statement, or a---

Q It's a bank statement for the Canadian Imperial Bank of Commerce.

A Oh, well, I don't recognize that.

Q Well, in this bank statement, under assets listed for you, it indicates \$80,000, consignment Lethbridge Central Feeders, is that correct?

A How many head of cattle?

Q Yes. 526 cattle, and then here it indicates, consignment, Lethbridge Central Feeders, \$80,000 of an asset. It does list this, does it not?

A Yes.

Q Now, under liabilities it states, \$62,000, Lethbridge Central Feeders. Is that correct?

A Well, I don't know.

Q Well, I mean, you see this figure?

A Yes.

Q It says \$62,000?

A That's right.

Q And this is your financial statement, is it not?



A That's what they say.

THE COURT:

Q Well, isn't your signature on it?

A What?

Q Isn't your signature on it?

MR. WEIR:

Q Well, where would the bank get a statement like this? I don't see his signature, Your Honour. Where would the bank get a statement such as this?

A Well, maybe from Central Feeders.

Q You never supplied the bank with any information---

A Not about this. I made my own personal one. I mean, I made my own personal, from the bank. There is no signature on that is there?

Q No, I don't see any signature, but it appears to be a statement---

A Couldn't they have got it from Central Feeders?

Q Well, the point is this, have you ever supplied any such information to the bank?

A Well, I made a financial statement to the bank, yes.

Q Well, what is this? Isn't this---

A I don't know. I can't recognize that.

Q Well, what would you call it, if it isn't a financial statement? What would you have indicated in a financial statement if you wouldn't indicate figures such as this?

A Well, I didn't have that many cattle, to start with.



THE COURT:

Q What date is that?

MR. WEIR: This is March the 8th, 1963, Your Honour.

THE COURT:

Q And how many cattle?

MR. WEIR: It indicates 526.

THE COURT:

Q You had 601, didn't you, Mr. ---

A 63.

Q What date, March---

MR. WEIR: March the 8th, 1963.

THE COURT:

Q Well, let me read you, Mr. Mehew; on October the 17th, 1962, you bought 231 calves. On October the 15th you bought 115 calves. On October the 15th you bought 80 calves. On September the 10th you bought 35 steers. On August the 30th you bought 26 steers, and on August the 30th you bought 114 steers. That is 601 animals. Now, I don't know how many you---

A That's '63, yes.

Q That's in the fall of '62, and he's reading from a statement in March of 1963.

A '63.

Q The total purchase price of those steers and calves amounted





to \$93,024.97.

A Yes.

Q Now, do you remember that huge purchase?

A Yes, I can remember all them cattle.

Q Alright. So you do have the vouchers?

A Yes, we had them cattle, I can remember that. We had big steers---

Q And in the spring you would have most of them still, wouldn't you?

A No. The calves wouldn't go until fall.

Q Until the following fall?

A The following fall.

Q So, you would have them.

A Yes.

Q So that statement then would be about correct?

A I believe we had about 900 head of cattle in there in 1962.

Q Yes, but that's in March of 1963, so that would be about right, wouldn't it?

A Well, yes. In 1962 we had 900 in there.

Q Well, whatever you had.

MR. WEIR:

Q It also indicates a liability to the Canadian Imperial Bank of Commerce, as at March the 8th, 1963, of \$10,000?

A Yes.

Q Now, you indicated before that you had some type of a revolving credit?



A That's right.

Q Now, is this the total of your indebtedness to the bank at that time?

A Well, plus the farm improvement loan.

Q But you did owe the \$10,000?

A Oh, yes.

Q And this was on a straight demand note?

A Yes.

Q And in addition, a farm improvement loan, you said?

A Is this 1963? Yes, I owed them \$10,000.

Q Well, what I am trying to get at, Mr. Mehew, is how much, in addition to this \$10,000, did you actually owe the bank?

A I think the banker could tell you that. I think about 7,000.

Q So it would be a total of about 17,000?

A 17,000, yes.

Q And this cheque that you have referred to previously, of October, 1963, this cash advance of \$16,000?

A Yes.

Q When you deposited this with Canadian Imperial Bank of Commerce, did this, in effect, liquidate that debt to the bank? Was there any debt to the bank at that time?

A The farm improvement loan debt would still be there.

Q But this demand note of \$10,000 was wiped clear?

A Yes.

THE COURT:

Oh, I don't know. Let him think,



because he said that he didn't pay his loan off until he mortgaged his property.

THE WITNESS: Yes, but I had to pay my loan off, Mr. Turcotte, because I, in the fall, like---

MR. WEIR:

Q And then you obtained a new note?

A Yes.

THE COURT: Alright.

MR. WEIR:

Q Did you take your other cash advances from the Association and deposit them, as well, to your account to be applied on loans with the Canadian Imperial Bank of Commerce?

A Well, you mean when it was due?

Q Well, when you received the cash advances?

A I deposited it to my account.

Q Would you go in and ask the Lethbridge Central Feeders Association for a cash advance when the due date on your note with the bank would be coming rather close?

A Yes.

Q This would be, then, your reason for going and asking for a cash advance?

A Yes.

Q On every occasion, or---

A Yes, pretty well every occasion. I put all my grain through the cattle, and I was never out of cattle, so I don't even know where I stood.





Q Mr. Mehew, I am showing you an abstract of what appears to be your farm, is that not correct?

A Yes.

Q I notice that it was transferred to Myrtle Mehew in 1949, is that correct?

A Yes, it was left to her.

Q Now, would you hold onto this for just a moment, please. Now, as we have already pointed out, the Board meeting of December the 16th, 1958, mentioned the fact that your limit was to be \$10,000, and subject to your clear title of land. Then I notice on that abstract that there is an entry marked August the 11th, 1961, when this piece of property, this farm was transferred to you, is that correct?

A 1961?

Q Yes.

A Yes.

Q August the 11th, 1961?

A Yes.

Q Now, this being the case, would this have been done because someone from the Lethbridge Central Feeders Association, or someone else, told you that you had to have this land in your own name?

A No, no, it was done so I could get a higher working capital with the bank.

Q It was done because the bank wanted you to do this?

A That's right, yes.



Q So no one from the Lethbridge Central Feeders Association ever asked you to have the land in your name?

A No, no. It was strictly between me and the banker.

Q And did the bank tell you that this was for their own protection, or did they indicate that they were asked to do this by the Association?

A No, no. It was for their own protection.

Q This is what the Canadian Imperial Bank told you?

THE COURT: No, no. Wait a minute. Wait a minute. What date is this?

MR. WEIR: This is August the 11th, 1961.

THE COURT: That is the Imperial Bank.

THE WITNESS: That is the Imperial Bank, yes.

THE COURT: Not the Canadian Imperial. The Imperial Bank.

MR. WEIR: Oh, I beg your pardon. The Imperial.

THE COURT: Yes.

MR. WEIR:

Q Now, I notice another entry on that abstract, of April the 22nd, 1964. This piece of property was re-transferred back to Myrtle Irene Mehew?

A Yes.

Q Did you mention anything to the bank about this?

A Yes, they knew about it.

THE COURT: Yes. He transferred it to his wife, and she borrowed \$16,000 and gave it to the bank.



THE WITNESS: She borrowed 20,000.

THE COURT: She borrowed 20,000, was it?

Well, the mortgage was only 16?

THE WITNESS: Yes, but she had to borrow another 3,000 to pay the taxes that I hadn't paid.

THE COURT: I see. So she bailed you out did she?

THE WITNESS: That's right, she bailed me out.

MR. WEIR:

Q But this arrangement was made with the bank before the transfer took place?

A You mean to take this land?

Q No, the arrangement about the mortgage and so on, this was made---

A Yes, they knew all about it.

Q Prior to the formal transfer?

A Yes, they knew all about it.

Q And no one from the Lethbridge Central Feeders Association ever asked you about the fact that the land, at one time, was not in your name, and---

A Nobody, they never asked me for no security of any kind.

Q I believe that we have already established, but just to make certain, Myrtle Mehew, this is your wife?

A That is my wife, yes.

Q Yes. Now, to assist Mr. Palmer, would you examine some of these ledger cards that I will pass to you?





THE COURT: What are you going to---

MR. WEIR: I am going to cover the \$30,000 item of August 31st, 19---

THE COURT: Well, that's going to take a little while, so perhaps we should have 15 minutes rest.

(COURT ADJOURNED AT 10:55 A.M. TO 11:17 A.M. )

MR. WEIR: Are you ready to proceed, Your Honour?

THE COURT: Yes.

MR. WEIR:

Q Mr. Mehew, what arrangements, if any, did you make with Mr. Herb Bishop, or Mr. E. Bishop and Sons?

A None.

THE COURT: What was that answer again?

A None. I never had nothing to do with them, that I know of. I didn't even know the men.

MR. WEIR:

Q Well, let's go through some entries involving the ledger card under E. Bishop and Sons?

A Yes.

Q And perhaps it might shed a little light on some further answers to questions.

I am showing you journal voucher No. 527. This is dated April the 2nd--- Excuse me, that's not the one I want.

I will begin again. I am showing you journal voucher

No. 298, and it is dated August the 31st, 1962. There is



a debit to E. Bishop and Son of \$30,000, and a credit to L. Mehew of \$30,000.

A I don't know anything about it.

Q You don't?

A No.

Q Mr. Palmer, your solicitor, is looking at the ledger card.

A Yes.

Q That \$30,000 credit does appear?

MR. PALMER: We realize it appears in his cards.  
We were aware of this before.

THE WITNESS: But I don't know anything about it.

MR. WEIR:

Q Okay. Now, this is quite an involved little area, Mr. Mehew, so bear with us. I think I will be able to go through it in as straightforward a way as I can.

Here is another journal voucher, this one is No. 477. It is dated December 30th, 1963. There is a debit to Leonard and Wayne Mehew, new account, of \$73,454.17. A credit to E. Bishop and Sons of \$34,382.19, and a credit to Leonard Mehew, \$39,071.98.

THE COURT: What date is that again?

MR. WEIR: This is December 30th, 1963.

Q Now, for a moment, let us have a look at this \$34,382.19 credit that went to E. Bishop and Sons account.

Now, have you ever seen this particular ledger card which is made out to E. Bishop and Sons?



A No, no. I don't even know them.

Q The first journal voucher, No. 298, appears in the E. Bishop and Sons ledger card as a debit, as it appears in that journal voucher?

A Yes.

Q And there is the amount in the E. Bishop and Sons account, 30,000. The balance in that account, of course, because of that debit, is \$30,000.

Now, I want you to look at some of the items that are going to follow here. The bottom of this page, and over on this page, and I am going to read them down here.

Now, let's look at the interest items, only. The interest items here, you have \$80.14, \$160.69, \$167.58. Are we over on the other page yet?

A 167.58.

Q No, we are on the back page. Just look for interest items. \$235.13, \$78.26, \$162.14.

Your Honour, just to reassure the Court Reporter, I will hand this document to him later so he can look at them.

What was the last one, \$147.20. \$166.76, \$163.37, \$334.50, \$171.69, \$172.57, \$167.86, and \$174.30, making a total of \$2,382.19 for interest that appears in this ledger card.

Now, in addition to this there are some other items, and they are advances on this account to Herb Bishop, \$450.00, and others, \$450.00, \$450.00, \$200.00, \$135.34, and \$114.66, making a total for advances, according to this calculating





machine that I used, of \$1800.00.

Now, there is one other item which appears on this page of the E. Bishop and Son ledger, \$200.00 for life insurance.

Now, all of these sums that we have just referred to, this interest---

A Yes.

Q These advances to Mr. Bishop, and the \$200.00 for insurance, making a total of \$4,382.19, which, when added to the \$30,000 gives you a \$34,382.19.

Now, this is what was referred to in journal voucher No.477.

A Yes.

Q That credit to E. Bishop and Sons that wiped that particular account out.

Now, following it through just a little bit more, we have another item of interest which follows through after that latter item, of \$342.22, which you see there, and this was put through in your account, which is marked Leonard and Wayne Mehew. At the top you see this \$73,454.17 debit attached, and once again looking back here, this is the amount of that journal voucher of \$477.00. Now, in addition we have this item of interest which is charged, 432--- I am sorry, \$443.22, \$189.53, \$392.73, \$369.35, which makes a total of \$74,749.00.

A Yes.

Q Now, this is covered by, this cancelling of this particular one is covered by this particular journal voucher, No. 527,



which transfers this particular balance in the Leonard and Wayne Mehew ledger card---

A Yes.

Q To your personal ledger card.

THE COURT: That appears on April the 2nd, 1964.

MR. WEIR: Yes.

THE WITNESS: Yes.

THE COURT: \$74,749.00.

THE WITNESS: That's after this, after Central Feeders blew up.

THE COURT: Yes.

THE WITNESS: Yes.

MR. WEIR:

Q Now, in your account, as well, there is a cheque to Herb Bishop which is debited to your account on July the 9th, 1963.

THE COURT: July the 9th, 1963.

MR. WEIR:

Q Now, you see that entry?

A Yes.

Q \$1,014.66?

A Yes.

Q You had no knowledge of this?

A No.

Q You never authorized anyone to make this payment?

A Never authorized nothing.

Q Well, on this particular array of entries---



THE COURT: Maybe you should show him this cheque to show that it is real.

THE WITNESS: Oh, well, I believe it is real. I believe it is real, Mr. Turcotte, I don't---

MR. WEIR:

Q This is the cheque to Herb Bishop, \$1,014.66.

A Yes.

Q It is dated July the 9th, 1963?

A Yes.

Q With the endorsement on the back, which presumably is Mr. Bishop's signature.

A Yes.

THE COURT: You didn't authorize that cheque?

A No, I never authorized no such a thing.

THE COURT:

Q Never knew anything about it?

A Never knew a thing about it.

Q It's is charged to your account?

A Well---

MR. WEIR:

Q Now, to try to summarize this interesting array of entries, I see that E. Bishop and Sons received the \$1800.00 that they received on their own ledger card.

A Yes.

Q Plus this \$1,014.66, making a total of \$2814.66, which they received. Now, in addition to this you paid the Association---





THE COURT: He is charged.

MR. WEIR:

Q Through charges, interest, plus this \$200.00 item for insurance.

A Yes.

Q In the sum of \$3,876.00, as you see here?

A Yes.

Q And 82 cents. Now, this makes a grand total, that, in effect, you were charged on your ledger card for this \$30,000 credit, of \$6,691.48?

A Yes.

Q And this is for a period from April the 31st, 1962, to--- I'm sorry, August the 31st, 1962, to April the 2nd, 1964, approximately 19 months, at least?

A Yes.

Q And that would, according to my very quick arithmetic, approximately 15% interest, I believe, somewhere in that vicinity.

A Yes.

Q And you have no knowledge about this, whatsoever?

A I had no knowledge of any kind.

Q Well, why in heaven's name would this be done if it weren't to reduce the balance of your account? I certainly made your account look a lot better by reducing it by this \$30,000.

A I know, I know. I don't know why he did it.



Q You have no idea why this was done?

A No sir, I don't.

THE COURT: No discussions?

A No discussions of any kind.

MR. WEIR:

Q Would the fact that your account, prior to that \$30,000 entry, the balance was, in this particular members account, \$68,327.81, you don't think that might have had anything to do with it, at all?

A No, no.

Q As far as you are personally concerned?

A My own personal knowledge.

Q And then, as a result of that entry the balance stood at \$38,327.81.

A Yes.

Q I am rather intrigued about this \$200.00 for insurance, Mr. Mehew.

MR. MOSCOVICH: It's peanuts.

MR. WEIR:

Q Would this mean that if something happened to Mr. E. Bishop that, I would presume, you would receive the benefit of this insurance?

A Well, that might help.

Q You disclaim no knowledge of any of these transactions that we have just gone through?

A None, at all.



Q And you had no discussions with Mr. Hatch, at all?

A Not on that, no.

Q Did you, at least, discuss with Mr. Hatch the possibility of having your account reduced in some fashion by borrowing money from somebody else's account?

A No sir.

Q Not at all, eh?

A No.

Q Have you any questions in this---

THE COURT: Not on this particular item.

MR. WEIR:

Q Mr. Mehew, there is another general entry that I copied out on this particular piece of paper here, July 31st, 1958. There is a debit to your N.A.B. ledger card, your Non-Association Business card---

A Yes.

Q For \$6400.00. Then there is a credit to R. Johansen, member, of \$33,000, and a credit to the Lethbridge Third Ward of \$2400.00, and then a debit to Johansen and Mehew of \$29,000. Now, can you shed a little light as to what this has to do with then?

A I believe I contract fed for Mr. Johansen in 1958 for 21 cents for the gain, but as far as I was concerned I made a little money with it. I don't know anything about this.

Q You don't know anything about this---

A Not a thing, not a thing, no.





Q Did you have no discussions, at all, with Mr. Hatch, concerning this entry?

A No, he didn't show me, he didn't show me this stuff. I didn't see all this stuff. Why would I be paying the church.

THE COURT: You don't belong to the Third Ward?

A No. No, I don't know anything about this stuff.

THE COURT: You are a member of the Welling Ward?

A Welling Ward, that's right.

Q And that's 20 miles away from this Ward?

A That's right.

Q So you would have no reason---

A No reason, no reason in the world that I---

Q Well now, I would ask the people to keep your minds open on this, because perhaps tomorrow Mr. Johansen may be able to shed some light, so don't jump at conclusions on this type of thing, you will hear from Mr. Johansen tomorrow.

MR. WEIR:

Q I don't have the ledger cards in front of me just at the moment, Mr. Mehew, but I can assure you that on October 26th, 1962, on your ledger card there is a credit of \$9,000.00. Now, it's a cheque that came into your account, deposited in your account---

A Yes.



Q As a result of Mr. Fooks putting some money in.

A Yes.

Q Then on January the 29th, 1963, there is a debit, a charge to your account of \$9,210.82?

A Yes.

Q Now, I have here the invoice in question, dated October 26th, 1962. Is it N. H. Fooks?

MR. MOSCOVICH: Yes.

THE WITNESS: Yes.

MR. WEIR:

Q Shipped to N. H. Fooks for the account of Leonard Mehew, 90 heifer calves, it appears, \$9,000.00. Now, would you tell us about this, what arrangements you had---

A I don't know anything about it.

Q You don't?

A No. I don't know Fooks, and I didn't even know it until after I got my itemized statement.

Q I see.

THE COURT:

Q Did you sell any 90 calves and buy them back in January?

A No. I don't know anything about them Mr. Turcotte. There is no trucking on that, no nothing, is there, no commissions, no nothing.

MR. WEIR: No, there isn't.

A There isn't anything on it, no commissions, no trucking, no nothing.



MR. WEIR:

Q The only things that appear on this ledger card is what I just read into the record a few minutes ago.

A Maybe he made \$210.00 by---

THE COURT: No, no, \$210.00 is the interest on the \$9,000.00---

A Oh, I see.

MR. WEIR:

Q Mr. Fooks, actually just received back \$9,000.00. This \$210.82 was charged to you buy way of interest, but it was actually credited, I believe, in another entry, to the interest account of the Association.

A Yes.

Q Now, there is another debit to your account on December the 18th, 1959, Empire Furniture, \$380.00. That's \$380.00?

A Yes.

Q Now, did you buy furniture from Empire Furniture?

A No, no sir.

Q Have you ever bought any furniture---

A Never have bought furniture from them.

THE COURT:

Q You know where the Empire Furniture store was? That's the one that burned down in the Hull Block?

A Within the Hull Block, I think, yes.

Q Yes.

A Yes.





Q You never bought furniture---

A Never bought furniture, no.

Q Did you authorize anyone to charge that account to your account?

A No, no.

Q Have you any idea whose account it is?

A No, I don't. I just see it in my account. That's all I can see is Empire Furniture, that's all I can see.

MR. WEIR:

Q There is another one to the Aluminum Goods Ltd., dated March the 16th, 1959, in the amount of \$150.65, which, as well, is charged to your account.

A Well, what was that?

Q Now, have you any knowledge about this?

A No, I don't know anything about that. What would I want that for?

Q Well, I am asking you. I haven't any idea what you would want it for.

A No, no.

THE COURT:

Q Did you buy any aluminum goods from the aluminum company?

A No, no sir.

Q Did your wife?

A Did what?

Q Did your wife?

A No.



MR. WEIR:

Q Did you authorize the amount to be charged to your account for the benefit of anybody else?

A No; no.

THE COURT: That's in that account that we have lost temporarily, that 150. No, here it is. It is in the Johansen and Mehew account. Maybe it's Mr. Johansen, but you paid it, eventually, by the transfer, March 16th, Aluminum Goods Ltd., voucher 11702, \$150.65. March 16th, 1959. You know nothing about it?

A Know nothing about it, no.

Q Alright. You still can't find the 7,000, or whatever it is?

MR. WEIR: I have that journal voucher, Your Honour.

THE COURT: Yes, that's here.

MR. WEIR: Yes, but it is the earlier items that I am particularly wondering about.

THE COURT: Well, Mr. Mehew, we have lost track of about \$4500 for the moment, so--- We had it this morning.

MR. WEIR: It's in connection with this journal voucher, No. 27, and on the date of April the 18th, 1960, there is a debit to you, that is to your N.A.B. account.

A Yes.

Q Of \$7,470.54, and a credit to Mehew and Johansen, N.A.B., in the same amount, and it says, to transfer to the Mehew account.



Now, would this be a charge that was legitimately made?

Can you shed any light on this?

A I can't, no.

THE COURT: Well, perhaps we may have to hear from Mr. Williams on that, eventually, if we can't find it.

THE WITNESS: Yes.

MR. WEIR:

Q I am showing you a series of entries which look rather complicated, to me, in any event, involving Johansen and Mehew, and in fact, shifting from the various accounts, involving you and Mr. Johansen.

A Yes.

Q Let's just look at one of them. For example, January the 27th, 1959, debit to Johansen and Mehew, N.A.B., \$36,471.75, credit to Ray Johansen, member of \$16,788.00, and a credit to your N.A.B. ledger card of \$19,683.75, and then a further debit to your N.A.B. account of \$167.30, and a further credit to Johansen and Mehew, for \$167.30.

A Yes.

Q Now, are you familiar enough with those---

A No, I don't know anything about it.

Q That you can help us out?

A No.

THE COURT:

Q Wouldn't that be your feeding arrangement?

A When was that?





Q In 1958.

MR. WEIR: In 59, in 1959.

A It could be in that contract feeding.

MR. WEIR:

Q Would this be the percentage split, then?

A No, I was feeding for 21 cents for the gain, so I can't tell you, for sure.

Q You can't tell us whether that seems to be a reasonable figure?

A No, I can't, no.

Q What about all of these various documents that your solicitor has here? Would they shed a little light on this particular point?

A I don't know. Would they Jerry? I would think so.

MR. PALMER: No.

THE WITNESS: No.

MR. WEIR:

Q Well, how extensive is your bookkeeping? How did you know whether you should be shutting the door---

A I didn't know it until I---

Q And opening a grocery store or something?

A I didn't know it until after this blew up.

Q Well, what effort did you make in your bookkeeping to find out whether you were making or losing any money?

A I didn't make any effort, at all.

Q None, at all?



A I didn't keep very good books. I let Central Feeders keep the books.

Q Well, yet you have told us that you never bothered going in to inspect your account?

A No, I didn't.

Q Well then, how did you know how you were doing, then? You never did know how you were doing?

A Never did know how I was doing.

Q And yet you had the inspiration that it wasn't necessary to file income tax?

A Oh, no, I wouldn't say that.

Q Well, you said you haven't filed any, and you---

A No, I haven't filed, and I never, I went five years before that too before I filed, then I filed at the end of five years.

Q Did you ever follow a particular load of cattle that came in, and then feed them, figure out the amount of money that you paid for the feed and then check to see what you received after you sold them, and then figure out what profit or loss you made?

A No, no, I never did.

Q Well, how did you know whether you were making a good deal if you were feeding on a 21 cent per pound gain on, say, contract cattle?

A Well, I have fed contract cattle. You can feed contract cattle for 21 cents on the gain and make a little. You can't



make a lot, but---

Q Well, how do you know? You have told us that you have never kept records to figure out whether you were making or losing any money?

A Well, you know just about how much a pound it costs to feed them, and---

Q Well, that's what I am getting at.

A Of course, I never weighed it, or anything like you say. I didn't weigh them. I knew just about what it cost to feed them, though, and for 21 cents on the gain you can make \$10.00 a head, and save your feed.

THE COURT: That depends on the cost of barley, of course, doesn't it?

A A lot, Mr. Turcotte, yes. I'd say barley at 80¢, and hay at \$20.00, you can still make \$10.00---

Q Alright. But then your barley got up to \$1.10.

A Well, you wouldn't make too much money at 21¢.

Q Well, your barley did get up to \$1.10.

A It did at one time.

Q You paid a lot of barley at \$1.10.

A I know I did.

Q And then your hay got up over \$20.00?

A Yes. That wasn't contract cattle, though.

Q No, it was your own cattle?

A That was my own cattle.

Q Well, can you feed your own cattle any cheaper than you can





contract cattle, actually, if you stretch everything out?

A Well, no, you wouldn't feed them any cheaper, no.

Q No.

A Of course you wouldn't.

Q So if you were paying \$1.10 for barley, and more than \$20.00 for hay, wouldn't that cause you to sit down and use a pencil?

A No, I didn't, but you knew you wasn't making very much.

Q You might be losing your shirt, too?

A Well, you might be, but what are you going to do about it when you got the cattle?

Q Well, why keep on going?

A Well, you can't sell these cattle until they are finished.

Q No, but why then buy some more?

A Well, that's the feeder, he will gamble, he will take a chance. This happens all the time.

MR. WEIR:

Q Mr. Mehew, were you here when Mr. MacLean was in the witness stand?

A No, I wasn't.

Q You weren't here?

A No.

Q Well, are you aware of the fact that these statements that were submitted by the Lethbridge Central Feeders Association to the Canadian Imperial Bank of Commerce, and to the other banks that were involved---



A Yes.

Q In many cases, and in particular in your account, were normally considerably lower, in fact, substantially lower than your indebtedness, according the ledger cards appearing---

A Yes, yes.

Q You are acquainted with this?

A Yes.

Q Now, did you have any conversations with Mr. Hatch regarding any of these misrepresentations?

A Yes, I did.

Q You did?

A Yes.

Q And, now, what did you say to Mr. Hatch?

A Well, I asked him, I said, now, how do you cover these, like this extra money that's there. Like, I'd say I owed \$20,000 over, more than my credit. I said, how do you cover this. He said, we finance it. I said, what do you mean, finance it, 12% interest, or what do you mean, finance it. No, he said, just 6% interest. So I let it go at that. I didn't know whether Mr. Hatch had, was with the bank, or how they were doing it, I didn't know.

Q It was financed. How was it financed?

A Well, I don't know, he didn't answer that. He just said it was financed.

Q Are you suggesting that, as far as you were concerned, the bank knew about this?



A I thought, well--- No, I couldn't say the bank knew about it. No, I couldn't say the bank knew about it.

Q Well, you are just admitting that you knew that there was---

A Yes, I knew it was there, yes.

Q Misrepresentation was going on?

A That's right, there was misrepresentation. Yes, I don't think the bank knew about it. No, I don't think---

Q And Mr. Hatch said it could be financed.

A It was financed, and to cover that.

Q By whom was it going to be financed?

A He didn't say.

Q Well now, perhaps this is the end of the mystery. He was going to look after the financing of it, and you didn't really look into it, or care how it was financed, so long as it was financed?

A Well, at 6% interest, yes. That's as far as it went.

THE COURT:

Q Well, if you get up to \$100,000.00, Mr. Mehew, even 6% interest takes a lot of gain.

A Well, he didn't show me this \$74,000 until after this blew up. I didn't realize that I was up even there, and I still don't believe I'm up over there, that \$74,000. I figured I was \$20,000 behind.

Q Well, \$40,000 of that 74 was taken out of your account very shortly before, just over the year end, I mean?

A It's shown to me, now.





Q I know, but I mean, the 40,000, isn't that correct?  
Maybe I am thinking of somebody else.

MR. WEIR: I'm not sure what figure you are  
referring to, Your Honour.

THE WITNESS: I don't think so.

THE COURT: No, here, on the 31st of  
December, 1963, you were given a credit of \$39,000.00. So,  
didn't that ring, were you willing to take all the credits  
and not worry about---

A Well, I didn't even know I got credit for it.

Q Well, you got credit, so---

A Well, that's okay, that's---

Q So that's part of the 70---

A Yes.

Q So we are only worried about 30, then, not 70?

A Yes.

Q Alright.

MR. WEIR:

Q So then you really didn't worry about how the financing was  
going to be arranged, just so long as you could continue to  
receive this credit through the Association?

A That's right.

Q And the understanding, as far as you can recall, with Mr.  
Hatch, was that you were simply going to pay the regular  
interest figures---

A 6%.



Q Yes, the regular interest that you---

A That's what he said, it would be regular interest. He said he would finance it. He didn't say how he would finance it, but he would finance it.

Q So then, the fact that Mr. Bishop, or, in fact, anyone's name might appear in your account for financing, this doesn't worry you insofar as the transaction is concerned, if the interest is approximately 6%, according to this understanding that you---

A Well, at 6%, yes.

Q So then, you certainly okayed any of these arrangements that were made if, according to your recollection, if 6%, regular interest rate would be charged for this extra financing?

A Of course, I didn't think of different guys like Fooks, or Herb Bishop, or any of them. I didn't know that.

Q No, but you didn't care, really, so long as you were paying the regular---

A No, that's right, 6%.

Q Now, why would someone in the position of the Supervisor go to all this trouble and effort for you, which, in effect, meant that you were going to get far in excess of the amount of your authorized credit---

A Yes.

Q When you have said that you didn't really pay him anything? Why would he do it for you?

A I don't know. I don't know.



Q Was there a promise, perhaps, that in the future you would pay him?

A No sir, no sir. There wasn't.

Q You didn't promise him that if things got better and you got out of the hole, as it were---

A No sir, no sir.

Q That you would help him at that stage---

A No sir, no such a thing as that.

Q I have no further questions at this time, Your Honour.

THE COURT: Mr. Moscovich.

MR. MOSCOVICH: Just one or two questions.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q Mr. Mehew, you carried on one of the most up todate operations in cattle feeding in the south.

A Thank you.

Q You did. You had a very---

A Yes, I thought I did, but---

Q And am I not right, Mr. Mehew, in suggesting that the cattle feeding, and the cattle buying business, is elementary, is it not, is a great gambling business?

A It is a gamble, a big gamble.

Q And when you got in the hole, originally---

A Yes.

Q And further advances over your guarantee were made to you---

A Yes.

Q Am I not fair and right in suggesting to you that it was with





a hope that the market may steady itself and that you may come back again into an original position?

A I believe so, yes.

Q Thanks, very much. But the market didn't regulate itself?

A No, I guess not.

Q And many a cattle man lost, as His Honour put it, his shirt?

A That's right.

Q In this business?

A I think so.

Q And you did too?

A I did, too.

Q Yes.

THE COURT: Yes. Mr. Leitch.

MR. LEITCH: Nothing, sir.

THE COURT: Mr. Prowse.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q Now, Mr. Mehew, you have told us, I think, that you didn't know the Bishops, at all. You didn't know anything about these Bishop cattle?

A Not at one time. The bank

Q Now, not at what time? You see, I think you told us this morning that you never knew anything about it?

A Not when they started in my account. Now, the bank found Bishop in my account. I never did find them in my account.

Q And did the bank go to you in March of 1963 and ask you about



this?

A Yes.

Q And you admitted to the bank then that you were feeding 126 head of cattle for Bishop?

A No, I never did admit it.

THE COURT: Were they for Bishop, or for Wilde?

A For Bishop.

Q Pardon?

A For Bishop.

Q You were feeding?

A Not for Bishop, no.

Q Were you feeding for Wilde?

A No.

Q Were you feeding for somebody?

A No.

MR. PROWSE:

Q You never made any admission to the bank---

A That I was feeding for Bishop, no sir.

Q Well, do you remember the banker, Mr. MacLean, being there?

A Mr. Blocka I believe, wasn't it? I think it was Mr., well, it was Mr. MacLean, then, and they come to me and he said, "Do you know that part of these cattle are Bishop's?" and I practically called him a liar. So I said, "No, they are not Bishop's, they are my cattle. Every head that is in here", and I run down to Stu Hatch, and I said, "Stu, what is this,



this Bishop cattle in my corral." Well, he said, "You pretty near got me in trouble", and I said "What do you mean got you in trouble, what's the idea?" Well, he said, "Bishop wants to keep his revolving, or his membership, so we put them cattle out in your corral." "Well", I said, "What do you mean, what do you want them in my corral for?" "Well", he said, "He just wants to keep them, that's all." And I said, "What kind of interest?" He said, "Regular 6% interest."

Well, I just let it go at that, then.

THE COURT:

Q Well, did he put the cattle in your corral?

A Hatch put the cattle in my corral, yes, but I thought they were my cattle.

Q When did he do that?

A 62, 63, is it?

Q Well, what cattle? How many cattle?

A Well, I guess they got the answer, I didn't know.

MR. PROWSE: 146 head.

A I thought they were all my cattle.

Q Were there 146 head at one time?

MR. PROWSE: There were 500 and---

THE COURT: Pardon?

MR. PROWSE: At that time there were 500 and---

THE COURT: What year was that?

MR. PROWSE: In March of 1963, at the time





Mr. Mehew, I will show him the original of the photostat. He couldn't see his signature on the one this morning.

THE WITNESS: Yes, 526, part of them are supposed to be Bishop's.

MR. PROWSE:

Q That's right, and that's your signature on that, and on March the 8th, 1963, in this statement to the bank you showed 526 head of cattle?

A Yes.

Q And on the statement which Mr. Hatch had given to the bank on February the 28th, 1963, or dated February the 28th, your account showed that you only had 420 head of cattle?

A Yes.

Q And as a result of that the bank manager went out to see you?

A Yes.

Q And you and the bank manager and Mr. Hatch had a discussion, did you not?

A No, I don't think so.

Q And in any event, it was at that time you knew Bishop's cattle were on your---

A That's when I found it out, that Bishop's cattle was in there.

Q Yes. And you had no arrangement with Herb Bishop or any of the Bishops?

A I never even knew the man. Don't even know Bishops.

Q Hatch was your agent to make whatever arrangements he wanted?



A What he done he delivered.

Q Now, when this blew up the Board of Directors sent you a letter, did they, and asked you to come and meet with them?

A Yes.

Q About your account?

A Yes.

Q You didn't come in, did you?

A No.

Q And I'd like to show you some photostatic copies here. This is a photostatic copy of letter from Williams, Tanner and Bell, dated March the 3rd, 1964.

A Yes.

Q Quote: We are conducting our audit. Your balance is shown as of December 31st, 1963, at \$68,181.24?

A Yes.

Q And it's signed at the bottom "I hereby approve the above balance is correct---".

A Yes.

Q And, Leonard Mehew?

A Yes, that's right.

Q That's yours?

A I recognize that, yes.

Q That's yours?

A That's mine.

Q And how did that get back? When did you sign this?

A Oh, I guess maybe sometime when I come into Central Feeders



place.

Q And at the same time, on another letter, this form says that your account with the Feeders, as of December 31st, 1963, is \$73,797.39?

THE COURT: What account is that?

MR. PROWSE: This is Leonard and Wayne Mehew.

Q And that's your signature at the bottom?

A I can't remember that one.

Q Well, just tell me whether it is your signature or not?

A No, I don't think so.

Q Whether you remember it?

A I don't think so. I wouldn't have signed that.

THE COURT:

Q Well, who has the original?

MR. PROWSE: Who's got the original?

THE COURT: You have, I think, Mr. Prowse.

Perhaps you could have them by this afternoon.

MR. PROWSE: Yes, I will.

THE COURT: Then you could look at the original signature and see whether---

THE WITNESS: Yes.

MR. PROWSE:

Q But, in any event, one of those is<sup>made out</sup>/, Leonard and Wayne Mehew, and the other one, that one is for \$73,797.39, the other one is Leonard Mehew, and it is \$68,181.24?

A Yes.





THE COURT: You have both of them here, if you have them, and bring them.

A Yes.

MR. PROWSE:

Q Now, Mr. Mehew, what land do you now own in your own name?

A I don't own any land, now.

Q You don't own any land?

A No.

Q What property have you got?

A Well, what do you mean?

THE COURT: Oh, this isn't an examination in aid of execution.

MR. PROWSE: No, but I mean, it might help to establish the loss that we are going to have, and---

THE COURT: Well, you determine that for yourselves afterwards.

MR. PROWSE: Well, I thought the inquiry was after the amount of the loss.

THE COURT: No, I'm after the amount as of after the sale of cattle.

MR. PROWSE: I see.

THE COURT: You made your own settlement with Mr. Mehew, Mr. Prowse.

MR. PROWSE: No, I haven't made any settlement.

THE COURT: Well, you made a settlement with the bank of 16, and \$20,000. You have to take into consideration



this item.

MR. PROWSE: I had nothing to do with it,  
Your Honour.

THE COURT: Pardon?

MR. PROWSE: I had nothing to do with it, Your  
Honour.

THE COURT: Well, I am not saying you did, but--

MR. PROWSE:

Q Now, Mr. Mehew, is there a cattle buyer by the name of  
Thompson at Great Falls, or does that name mean anything  
to you?

A Jimmy Thompson?

Q Yes.

A Yes.

Q What is he?

A I think he is a cattle buyer. I sold lots of cattle to him,  
anyway.

Q Where at?

A Well, right at Welling. They were weighed at Great Falls,  
or, no, not at Great Falls, at Coutts.

Q Do you know where he lives?

A No, I don't.

Q But he is an American cattle buyer?

A That's right, he is.

Q Now, Wayne Mehew is your son?

A That's right.



Q Where does he live?

A He lives at Del Bonita.

Q Has he ever carried on cattle raising operations with you?

A No, he just worked for me.

Q And when did he---

A He had a few head of cattle in there. I mean, he would have 10, I'd allow him to have 10 head of cattle. He would buy---

Q When was this?

A Well, right up till 1963, I guess.

Q He was living where you live, now?

A Well, near us, in a house.

Q And he had cattle with your cattle?

A Yes.

Q And I imagine the feed that you bought went into his cattle, did it?

A Well, his wages, I figured wages, his wages, yes.

Q And the cattle were all fed together?

A Well, yes, sure. He would only have 10, 12 head.

Q And was John Mehew at home at that time too?

A Yes.

Q And did he have some of his cattle?

A Yes, he had a few head. They weren't allowed many. Practically wages.

Q And did they sell cattle to, what happened when their cattle were sold? How were they sold?

A Well, they put a lot of them cattle through Central Feeders.





Q So, do you know whether the profits of the sale of their cattle were credited to your account?

A No, they would get a cheque for their cattle. They took them in, they got a cheque for them.

Q Always?

A Yes, always.

THE COURT:

Q Well, weren't there some divisions, sometime?

A How do you mean, Mr. Turcotte?

Q Weren't you feeding with them, and there would be a split of the cheque?

A No, no, no. No, there was no such a thing as that. It was their cattle. They were only allowed a few head. There was no split cheque, or anything like that.

MR. PROWSE:

Q And you knew that Hatch was misrepresenting the balance of your account to the bank?

A Yes, yes, I knew that.

Q And how long did you know that was going on?

A Oh, I'd say for two years.

Q Did you tell anyone else in the Association about this?

A No.

Q You never discussed it with any other member?

A No, never did.

Q I think that's all.

THE COURT:

Mr. Palmer.



MR. PALMER CROSS EXAMINES THE WITNESS:

Q I am just interested in this last question of Mr. Prowse's. You claim you knew there were misrepresentations made to the bank. Explain, please, what you mean by that statement?

A Well, I figured that I was behind \$20,000.

Q You figured you owed the Association---

A I owed them \$20,000 more than my credit called for. I figured I'd lost \$20,000.

Q You figured they had extended you an extra \$20,000?

A Yes, because I was behind this \$20,000, and they were covering that up, that \$20,000.

Q Now, did you know how it was covered?

A Well, that's what I asked him, and he said it was financed. He said it was financed, and I said, "Well, what do you mean, financed?" "Well," he said, "Financed at 6% interest."

Q Did you know that the bank was given one figure, as opposed to what your indebtedness to the Association actually was?

A No, I didn't know that, I knew that the Association, I recognized that \$68,000, and I had over \$48,000 worth of cattle at the time.

Q So you knew there was excess---

A I knew there was \$20,000 that was wrong somewhere.

Q But you didn't know that the Association had told the bank that you had only---

A Well, no, I didn't know that.

Q A smaller amount ---



A I let them handle the books. I let them handle the business.

Q Now, you farmed how much land?

A About two and a quarter sections.

Q And how much of this was under cultivation? I missed that.

A I think about 1800, wasn't it, we figured?

Q What did you do with the crops from this land?

A Well, I would say that 75% of these crops went back into these cattle.

Q 75% went for feed?

A 75% of it, yes.

Q Now, there has been evidence that you took considerable drawings from the Association?

A Yes.

Q What happened to those funds? Did any of that funnel back into the animals?

A I figured that about \$35,000 went back in, or better.

Q In the past how many years?

A In the past three years.

Q In the past three years of your drawings, 35---

A Thousand, besides all the grain I raised.

Q Besides all the grain you raised. This was going back into your cattle?

A Going back into the cattle.

THE COURT:

Q And what happened to the other \$46,000?

A How do you mean?





Q No, more than that. You are talking about the last three years, \$35,000 of the drawings went into the cattle?

A Went back in.

Q Yes, and your drawings for the last three years amounted to \$97,000?

A I believe it's \$137,000 isn't it?

Q That's for five years.

MR. PALMER: That's for five, a greater period.

A Oh, that's for five years, oh.

THE COURT:

Q But you are saying \$35,000 of your advances went into feed, or into the cattle.

A Yes, yes.

Q Now, but you drew, in the last three years, 97,000, in cash.

A Yes. There was 16,000 went back into the bank.

Q Yes.

A And there was another 10,000.

Q Yes. Now, what happened to the, now let's see, my arithmetic isn't too good at times. You say 35,000 went back in, and you drew 96, and you say 16 went to the bank, that's 51.

A Plus 10.

Q That's 45, and take another 10 off, that's 35?

A Yes.

Q That leaves \$35,000. What happened to that?

A I guess it maintained the place, paid for the machinery,



and paid for the---

Q Alright. You bought a considerable amount of machinery?

A Yes.

Q From the Wilde's, Wilde Limited?

A Carl Wilde, Yes.

Q Yes.

A Yes.

Q A used tractor for \$1500, a drill and tractor for \$4700, a feed mill and grain roller for 1700, and then in 62, a John Deere combine for 3500. Have we got them all? Anyway, they amount to quite a bit of money?

A It does, yes.

Q And your payments, you made cash payments, some of them?

A Oh, yes. Oh, yes.

Q \$1500, \$500, 680, 1225, and then you had a couple of rather large, oh, yes, and 1200 on the combine. Then you had a couple of large repair bills with Jubilee Motors, did you?

A Yes.

Q Have you paid those off?

A No.

Q They are still out?

A Yes.

Q Yes. They amount to about, over \$3300?

A Yes.

Q Well, did you use some of this money to buy this machinery?

A Yes. Oh, yes.



Q Well, again, I can't understand your thinking, Mr. Mehew, of using co-op money. Now, this isn't bank money. It comes from the bank, but it goes through a co-op, and every member of that co-op is responsible for your debt.

A Yes.

Q Now, how in the world, in your thinking, can you use co-op money to buy your own farm machinery?

A Well, if you farmed two and a half sections, the earnings off two and a half sections should be something, shouldn't it, of this grain?

Q That's right.

A Well then, didn't I have some money coming back out of this?

Q Well, yes, you got quite a bit.

A Yes, but I had a lot, I was farming a lot of land.

Q Well, that's very true, but shouldn't you have been doing that through your own bank, getting your advances, and making your own arrangements, rather than doing it without telling anybody?

You didn't tell anybody about buying farm machinery, did you, or did you?

A Oh, no, no.

Q You didn't tell Hatch, now, I'm getting this advance, and I am going to go out and buy a combine with the money?

A Oh, no. Oh, no.

Q But you did, in a way?

A In a roundabout way, I guess, yes.





Q Go ahead, Mr. Palmer.

MR. PALMER:

Q Mr. Mehew, when you drew money out of the Association, and then purchased machinery, did you consider this to be profits that you were taking out?

A I figured, well, don't you think the earnings off two and a half sections, there was some profit, there should be some, we always raised good crops.

Q And it was that that you felt was going into the machinery?

A I figured it was mine, yes.

Q Now, I am interested in this discussion you had with Mr. Hatch in regard to the Bishop account.

When you left Mr. Hatch did he assure you that those cattle were yours, or did he assure you they were Mr. Bishop's?

A No, he said they were Bishop's.

Q Oh, he told you they were Bishop's?

A They were Bishop's, yes. After the banker had talked to me and told me they were Bishop's, and I went to find out.

Q Did you get credit for the sale of them?

A Well, I guess, I don't know.

Q But you knew nothing of that before they---

A I knew nothing about that.

Q I have no further questions.

MR. MOSCOVICH: May I ask one more question?

THE COURT: Yes.

MR. MOSCOVICH RE-CROSS EXAMINES THE WITNESS:



Q I am very grateful to Mr. Palmer for bringing out some facts that I should have asked.

Mr. Mehew, you said in reply to the very leading question advanced by my friend Mr. Prowse, that there was misrepresentations made by Mr. Hatch to the bank. You don't know, yourself, what Mr. Hatch said to the bank?

A No. No, I don't.

Q All you do know, that you had \$40,000 credit?

A That's right.

Q That you had exceeded the credit?

A Up to 68.

Q That you spoke to Mr. Hatch and he said he would finance that?

A That's right.

Q And whatever happened between Mr. Hatch and the Bank of Commerce, or whatever other bank was involved, you know nothing about it?

A Knew nothing about it, at all.

Q And it was completely wrong to say to you that a misrepresentation had taken place by Mr. Hatch in the bank?

A That's right.

Q Thanks.

MR. PROWSE: That was very good leading, Max.

THE COURT: Well, he is cross examining.

MR. PROWSE: I know, so was I.

THE COURT: Well, Mr. Mehew, on July the 31st, 1959, and this is going back quite a ways, the Feeders



Association gave a statement to the Royal Bank, with whom they were then dealing, that on the 10th of July, 1959, you didn't owe them a cent, whereas the ledger shows \$23,839.00, and they said that the balance on the 31st of July was \$5,476.21, whereas it was \$17,096.00.

You knew nothing about this?

A Knew nothing about it, no.

Q And then in 1960, when the account had been transferred to the Imperial Bank, on November the 30th, 1960, the statement as to the low figure was correct, but that's the last time?

A Yes.

Q Because on June the 21st, 1961, they show a statement as to the balance on May 30th, of \$35,478.38, and the ledger account was \$55,478.38?

A Yes.

Q And you knew nothing of that?

A No.

Q Then, I have skipped some, but coming down to March 31st, 1963, they said that your present balance was \$30,967.48. That's what they represented to the bank. In your ledger card at that time it was \$89,398.95.

You knew nothing about the misrepresentation?

A No, no.

Q Did you ever get any help from the Feeders Association as to feeding programs, or costs, or anything like that?

A How do you mean, Mr. Turcotte?





Q Well, on costs of feeding, the various ways of feeding, or did they leave that entirely to your own---

A Oh, no, they left that entirely up to me.

Q There was no endeavor on the part of the Feeders Association as an association, for assist their members in figuring costs, or---

A No, no.

Q Figuring programs?

A They figured it was an efficient set-up, and they left it to me.

Q Left it to you?

A Yes.

Q And you never, at any time, sat down and figured what you were doing?

A No, that's true.

Q Because in 1962 your sales amounted \$123,000.00, and your purchases amounted to \$121,000.00. So that's a difference of \$2,000.00, according to my figures?

A Yes.

Q So in that year, just on a cash basis, your loss in that year would be, maybe 30 or \$40,000, wouldn't it?

A I figured that was one year, 62, is that what you are talking about?

Q That's right.

A Yes. I figured that was the year that I lost the \$20,000.

Q Well, you lost a lot more than that.



A Yes. Well, I figured it was only 20.

Q You drew 66,000 in feed and advances, and you had a net sale over purchase of \$2,000.00.

A I had 900 head of cattle in there in 62.

Q So you made no effort to keep, or figure where you were going, at all?

A No, I always had lots of cattle in there, in and out, and never let them keep the books.

THE COURT: Well, there is not much use of starting with another account before dinner I don't think. We will adjourn till--- Do you want to start a little earlier?

MR. PROWSE: Would this witness identify these acknowledgments when I bring them in this afternoon?

THE COURT: Yes. Could you be here at 2 o'clock, Mr. Mehew?

THE WITNESS: Yes, I can come back, you bet.  
(WITNESS STANDS DOWN)

THE COURT: Do you want to start a little earlier, or---

MR. MOSCOVICH: That's all right, one.

THE COURT: Is Mr. Deeverziff--- You are here. Is Mr. Merrill here. Mr. J. B. Merrill? You are here. Do you want to get back, how are the roads?

Mr. Merrill, how are the roads?

MR. MERRILL: Oh, they are, I got here.

THE COURT: You got here. Well, perhaps we



will start with Mr. Merrill in case he wants to get home a little earlier.

Say a quarter to 2, would that be satisfactory?

Satisfactory with the Court Reporter?

COURT REPORTER: Yes.

THE COURT: Alright. Well, we will start at quarter to two, then.

(ADJOURNED AT 12:20 P.M. UNTIL 1:45 P.M. ON THE SAME DATE)





LEONARD MEHEW RECALLED:

THE COURT: Mr. Mehew, you are still under oath from this morning?

A Yes.

Q You agree to that?

A Yes.

MR. PROWSE:

Q Tell me if that is your signature on this admission of \$73,797.39?

A It sure looks like it, doesn't it?

Q I would think so.

A It sure looks like it.

Q Could we mark that as an exhibit?

EXHIBIT NO F-3c  
Signed document.

THE COURT:

Q Mr. Mehew, just two questions I thought of over the noon hour exploring into the way that you spent money. You told us your son was farming at Del Bonita?

A Yes.

Q Did you during the last four or five years assist him by money in the way of gifts or loans?

A No, I didn't.

Q Not at all?

A No, not at all.

Q And as far as you know any of the monies that came out



of the Lethbridge Central Feeders Association by cheques payable to him would go towards setting himself up?

A No. He saved what little money that he had.

Q There is quite a large transfer of nice large sums of money in these various accounts. I will leave it at that. The other point was you said that you never filed income tax returns. Did your wife ever file a return?

A No.

Q She never filed a return?

A No.

Q Thank you.

(WITNESS STANDS DOWN)

JOHN B. MERRILL, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Your name is John B. Merrill?

A Yes.

Q And you are from Hillspring?

A Yes.

Q And your farm is located at Hillspring?

A Yes.

Q Is it correct for me to assume that you specialize in a cattle operation?

A Yes.

Q How many acres did you have on your farm at Hillspring?

A About 340 or 350.



Q And approximately how many under cultivation?

A All of it is under cultivation, pasture and cultivation.

Q What percentage is dry land as compared to irrigation?

A It is all irrigated.

Q What are the various crops that you have grown on this cultivated acreage for the last five years.

A Mainly roughage. Some grain. Barley and oats.

Q When did you join the Lethbridge Central Feeders Association?

A I think 1945 or 1946. I can't remember exactly.

Q But prior to 1950?

A Yes.

Q Now, what was your highest authorized limit of credit with the Lethbridge Central Feeders?

A I don't know. I think \$30,000.00.

Q That is the figure I have as well.

A I'm not quite sure.

Q Do you recognize this ledger card of the Lethbridge Feeders Association in your name?

A I have never seen them before.

Q You have never seen them before?

A I have seen them but I have never studied them.

Q Did you look at them from time to time over the years to find out how you were doing with the association?

A No. I left the bookkeeping up to the Association.

Q But you did look at any rate at them?





A I didn't study them.

Q I didn't say study them. I said did you look at them?

A Like I am looking at them now.

Q Did you look at them to see certain figures being entered in them?

A No, I didn't.

Q How often did you see these ledger cards?

A I don't know. I don't know whether I saw them once a year or not. I can't recall.

Q And when you looked at them on these occasions, let us say once a year, you would just look at them quickly and not see any figures at all?

A Naturally, but I can't recall any figures.

Q I'm not asking you to recall away back if you saw some figure of \$500.00 back years ago, but when you looked at the ledger card you looked to see what was going on on your ledger card?

A No, didn't check them like that.

Q What did you look at the ledger card for?

A Actually I didn't actually check the ledger cards.

Q You just said that you have looked at them?

A I've seen them.

Q Okay. Now, when you saw them what did you see? What were you looking for?

A Well, I didn't go in and ask to see the ledger cards.

Q You didn't?



A No.

Q How did the ledger cards happen to be in front of you so that you could look at them about once a year?

A Well, when I talked to Mr. Hatch about the business he would go and get the ledger cards.

Q So that you went in to discuss with the supervisor, Mr. Hatch, your credit arrangements, and he brought out your ledger cards?

A Yes.

Q And you looked at them?

A Yes, I probably did.

Q And your ledger card and your activities with the Association were discussed at that time?

A Yes.

Q Now, Mr. Merrill, in ---I am looking for a little assistance from you in helping to explain a little more fully some of the entries in your ledger card. On May the 4th, 1959, there is a balance of \$26,000.00?

A Yes.

Q \$26,973.39?

A Yes.

Q Is that correct?

A Yes.

Q Now, will you hold the ledger card for a minute please?

A Yes.

Q I want to refer to some transactions involving your ledger



card. Firstly some credits that you received in that ledger card in your hand as a result of cattle sold. Now, do you see an item of June the 5th, 1959, 50 steers, in which you received the sum of \$12,039.08. Is that correct?

A Yes.

Q July 10th, 1959, 9 steers, \$760.87?

A \$1,760.87.

Q \$1,760.87?

A Yes.

Q July 16th, 1959, 8 steers, \$1,638.46?

A Yes.

Q July 22nd, 1959, One steer at \$230.67?

A Yes.

Q And on August the 10th---

A Wait a minute. I don't see that. \$226.50.

Q Oh, I'm sorry. August the 10th, '59, 10 steers, \$2,408.50?

A Yes. August the 7th it is here.

Q On August the 7th?

A Yes.

THE COURT:

Q Let us take the next one, September 29th. 30 steers. Do you see that? The next credit. \$7,165.51?

A Yes.

Q Is it fair to assume that the sale of those, 59, 60, 78,



and 100, total 118 steers would represent animals that you had on hand on the 4th of May? We are trying to get a starting point?

A I would imagine they were animals sold during that time?

Q So that you would probably, that would probably bring down your net deficit at that time to \$8,818.48 if you take all those animals and take them off that \$26,000.00?

A Yes.

Q So that you start the period out with a debt of \$8,800.00, from that time on until you start to buy what Mr. Weir is going to mention now. That is the difficulty in all these accounts, if we are not going to go back to the 1940's we have to try and ascertain when we start what you had on hand. Is that a fair assumption if those were the cattle that you did have on hand at that time?

A Yes, it would be a fair assumption. I can't remember.

Q No.

MR. WEIR:

Q Now, as a result of some purchases arranged through the association on June the 4th, 1959, 28 steers, \$5,739.88?

A That is correct.

Q And on June the 4th, 1959, 14 steers, \$2,639.87?

A Yes, that is correct.

Q September 3rd, 1959, 101 steers, \$20,809.06?

A September what?

Q The 3rd.





A Yes, that's correct.

Q September 16th, 1959, 15 steers, \$3,429.87?

A That is approximately right. \$3,469.87.

Q \$3,469.87?

A Yes.

Q October 23rd, 1959, 96 steers, \$15,725.30?

A Yes, that is correct.

Q Now, as of October the 23rd, 1959, what was your balance?

A On this ledger card?

Q Yes.

A \$23,782.60.

Q October 23rd, 1959?

A October 23rd, 1959, yes.

Q \$33,000.00?

A Yes, \$33,000.00.

Q \$33,782.60?

A Yes, that is correct. I am sorry.

Q So at that stage of your ledger card you were actually in excess of your authorized credit for \$30,000.00?

A Yes, by \$3,000.00.

Q Yes. Now, what cattle arrangements did you have with Ray Johanson?

A I don't know the man.

THE COURT:

Q Don't you know Ray Johanson?

A No, I don't.



Q You don't know him?

A No.

Q You know the Johansons?

A I've heard of the name, but I don't know him.

Q You don't know him at all?

A No.

MR. WEIR:

Q Let us go back to October the 5th, 1959. Do you see an entry transfer of cattle \$20,809.06?

A Yes. It is a credit.

Q Yes, it is a credit.

A Yes.

Q I show you a Journal entry dated October the 5th, 1959, and there is a debit to Ray Johanson in that same amount, \$20,809.06, a credit to J. B. Merrill in the same amount, and it says "transfer of cattle." It says "J. 54"?

A Yes.

Q Now, was there in effect a transfer of a certain number of cattle?

A Not to my knowledge.

THE COURT:

Q Mr. Merrill, that is the 101 steers that you bought on September the 3rd. It is the same figure anyway.  
\$20,809.06?

A Yes.

Q On the books after you bought them, on that ledger card they were transferred to Mr. Johanson, and you say that



you don't know anything about it?

A No.

Q And you don't know Mr. Johanson?

A No.

Q And you had no transaction with him?

A No.

Q Did Mr. Hatch suggest to you that he would transfer this item to Mr. Johanson so that your credit would be increased?

A No, he didn't.

Q No discussion?

A No discussion.

Q Now, let's go on and see what happened to the 101 steers.

9 MR. WEIR:

Q Just before we do, if this credit of \$20,809.60 were not entered in your ledger card your balance instead of being \$33,782.60 on October the 23rd, 1959, it would have been \$54,591.66 if I am right. That is if my arithmetic is correct?

A No. They balance out right here. You're \$20,809 balances out on the credit side.

Q Let us follow through with the latter part of the entry and perhaps you will see what I mean. Look at April the 12th, 1960?

A 1960?

Q Yes. Do you see a debit there of some \$22,000.00? That is April 12th, 1960?





A Yes. \$22,514.22.

Q Now, here is Journal voucher number 25 on that same date, April 12th, 1960, indicating that your account will be debited with that amount, and Ray Johanson will be credited with \$21,859.06, and interest representing the difference between the two of \$655.16?

A Yes.

Q Now, it would then appear to me that Mr. Johanson referred to in those Journal vouchers that you have just looked at would have received himself the difference between the figures \$21,859.06 and the \$20,809.06 that was originally credited to your account. Is that all right? Do you see this? This is what he in effect---

A I don't know anything about this.

Q Just look at the figures. This is the amount credited to your account of \$20,809.06, and this is the amount from the Journal voucher number 25, which indicates that Ray Johanson was going to get a credit of \$21,859.06?

A Yes.

Q So then it would appear that Ray Johanson was to receive, and in fact did receive, the sum of \$1,050.00. This is what you have paid. You understand how you have been charged for this?

A Yes.

Q Now, the other item of \$655.16 represents interest that you were charged for this period of time on this money?



A Yes.

THE COURT:

Q And that would be a fair charge?

A Yes, it looks like it.

MR. WEIR:

Q The \$1,050.00 when added to that interest charged by the Association of \$655.16 would mean that you in effect paid \$1,705.16 for the borrowing this sum of \$20,809.06 for a period of roughly six months, from the original entry of October the 5th, 1959, to April the 12th, 1960. Do you agree.

A Yes, that is correct.

Q Now, that would appear to be the interest rate of roughly 17% interest, somewhere in that area?

A It could be. I don't know without figuring it out, but it looks like that.

THE COURT:

Q You knew nothing of these two entries?

A No.

Q Never heard of them?

A No, not before today.

MR. WEIR:

Q Surely you must have had some discussions with Mr. Hatch. Your account, instead of being \$54,000.00 and some odd dollars was really \$ 33,000.00, approximately, on October the 23rd, 1959. Did you have any discussions at all with



Mr. Hatch?

A No, I didn't.

Q Why would Mr. Hatch on his own make all of these arrangements to in effect lower your account, to make your account look closer to the authorized \$30,000.00?

A I don't know.

Q Did you have any discussion with anybody else in the association concerning this matter?

A No.

Q Did you instruct anyone to speak to anyone in the Association on your behalf in this connection?

A No, I didn't.

Q Why did you think somebody would arrange all this for you? You must admit that at least you have received a benefit?

A I don't know whether it is a benefit or not.

THE COURT:

Q Somebody else got a little benefit out of it?

A That is correct.

MR. WEIR:

Q Let us suppose a hypothetical situation. Let us assume that you were a banker and authorizing a credit to someone in the amount of \$30,000.00, and in effect the amount advanced to them was in excess of \$50,000.00. What action would you take? Would you continue that account, or cancel it?

A It doesn't sound like good business, does it.



Q No, it doesn't. Now, look at this situation, looking at the situation as we have described it to you, and you see it by this ledger card that you are holding, and these other Journal vouchers that I have presented to you, are you suggesting that you never even noticed that entry at all when you looked at this account?

A No, I have never seen it before.

Q You have already told us that you did have discussion with the supervisor, Mr. Hatch, concerning your account?

A Yes, more or less.

Q More or less. Well, what would he be discussing if you would not at least mention some entries like these to in effect lower your indebtedness and make it look closer to the authorization?

A If I had seen it I would ask him about it, but I didn't see them.

THE COURT:

Q Was there never a discussion with Hatch about you being over your money?

A Yes.

Q What was his reaction?

A It is a long time ago.

Q It was a continuous thing from 1959 up to the close of business?

A Yes.

Q Wouldn't you come in every time, for example in September, 1959 when you got 115 steers, in October, 96 steers, and





then in October of 1960 you got 90, 190, 220 steers and heifers and calves. And in November, 1961, when you arranged for the 110 heifers, and then in September, 1962 or 63 when you got 110, 150, 200, 218. These were large amounts of cattle? Considerable amounts of cattle?

A Yes.

Q Wouldn't you come in to Mr. Hatch and arrange with him and tell him how many cattle that you wanted?

A Well, I did a lot of business over the phone.

Q All right. When you phoned him up and said "I am ready to feed 150 steers, or 150 calves," wasn't there any discussion about money or financing?

A No.

Q No discussion about your ability to feed, or to provide feed?

A There could be. I don't recall. Not particularly, no.

Q All right. Are you coming now to the 96 cattle? I think that it should be discussed at the same time, Mr. Weir. Do you remember the Park Bend cattle that you got. The 66 steers called the Park Bend cattle that you got on October 29th, 1959, and they were charged to your father? Did you get those cattle?

A In 1959?

Q Yes.

A I don't remember.

Q Let me read what I have in my notes. It is the same



time as the transaction, about the same time as the Johanson transaction. Now, I have assumed this. You tell me whether it is right or not. --"On the same day as he took possession of the 96 steers he also took possession of 66 steers called Park Bend cattle of the value of \$10,206.13. However, this amount was charged to the account of M. M. Merrill, the father of J. B. Merrill, under voucher number 7557. On July the 19th, 1960, eight months later, these 66 cattle and the \$10,206.13 was transferred out of the account of M. M. Merrill into the new account of J. B. Merrill, known as M 51. This amount remained in this ledger account, and it was the only entry in that ledger account, until April 3rd, 1962, two and one half years later, when the auditor added \$899.15 interest to that amount, making it \$11,105.28, and then this amount was transferred as a debit to your main ledger account M 18 under journal voucher 251." Now, I've read you this so that you will know what we are talking about. Now, Mr. Weir can take you through the jumps.

MR. WEIR:

Q This is the ledger card of your father, and under date of October 23rd, 1959, you see the entry of \$10,206.13. You see that?

A Yes.

Q And this is your---presumably your N. A. B. ledger card



where the amount is transferred through on December 31st.

THE COURT: On April the 3rd, 1962, it was dated back to December 31st, 1961.

MR. WEIR:

Q You see immediately after the entry April 3rd, 1962, there is an entry dated December 31st, 1961, which is put through by the auditor?

A Yes.

Q And debited to your account \$11,105.28?

A Yes.

THE COURT:

Q That is all predicated on the fact that you got these 66 Park Lane cattle?

A I bought quite a few cattle through Park Bend. I don't recall any particular time or number of cattle.

Q That is the transaction as we have gone through your account and gradually arrived where it was charged to your account. Firstly it was put into your father's account. Do you know of any arrangement between you and your father and Hatch whereby these cattle were to be charged to your father for the time being?

A That was in 1959, there was an arrangement along about that time I think, and they carried over through the winter and then they were straightened out.

Q Yes. They were straightened out into the one account and





held in suspense for about two years.

A I didn't know that. I assumed that when the cattle were sold the account was credited with the amount it was debited with originally.

Q No doubt it was credited, but the debt was not debited, and it made your account look sort of nice for the time being. However, go on.

MR. WEIR:

Q Mr. Merrill, I show you a cheque and some details regarding some barley that you purchased from the association on January 2nd, 1963?

A Yes.

Q And some more barley that you purchased at a somewhat cheaper rate on December 27th, 1962. The first cheque is for \$6,830.00 and the second cheque is for \$2,700.00?

A Yes.

Q Now, as you see the larger cheque represents 6,830 bushels of barley at \$1.00 a bushel and the smaller cheque is for 3,000 bushels of barley at 90¢ a bushel? Is that correct?

A Yes.

Q Now we have done a little figuring and we have done this purely to be educated a little more as, at least I am, most inexperienced as to how much that you feed cattle, and I would just like to go through, if you would help me, in the details concerning the feeding of the cattle



that you had on hand. Now, I believe that you had on hand at this time 74 heifers and 12 cows, making a total of 86 animals?

A Yes.

THE COURT:

Q Do you know why when you say that?

A No.

Q It is because that is all that you delivered to the Association afterwards.

MR. WEIR:

Q You never delivered any more cattle to the Association after this date?

A After what date?

Q After this date of December 27th, 1962, except these 74 heifers and 12 cows, making a total of 86 animals?

A I did too.

THE COURT:

Q Except the 39 that you bought in the spring of 1964?

A In the fall of 1962 I had approximately 450 head of cattle on feed.

Q In the fall of 1962?

A Yes.

Q You sold 240 heifers on the 20th of December?

A Yes.

Q And after that all that you sold was 36 heifers, 2 heifers, 10 heifers, one steer, etc, and then you were



through as far as the Association was concerned. Now---

MR. WEIR:

Q If you like we will go through it?

A How many did I have on that date?

Q Well, these are the dates that you sold some cattle. If you would like to look at the ledger card here as we go through it. On January the 9th, 1963 you sold 36 heifers. Look at the ledger card and see if this is correct. 1963, January the 9th, 36 heifers going out?

A Yes.

Q Now, March the 1st, 1963, 2 heifers going out?

A Yes.

Q March the 1st, as well, 10 heifers?

A Yes.

Q March the 7th---

A Three.

THE COURT: One steer on March the 7th.

MR. WEIR: Yes, that is right.

Q On March the 11th, 3?

A Yes.

Q On the March the 8th, 2. I have two in my figures, and one on the ledger card.

THE COURT: It was two actually of them sold. These were checked against the invoices.

MR. WEIR:

Q And on March the 15th----



THE COURT:

Q And then you sold 12 cows.

MR. WEIR:

Q I have March the 7th. It must be over on the other side.  
12 cows, is that correct?

A Yes.

Q And on April 17th, 55 heifers?

A Yes.

Q Now, if you look down this column you see no other  
entries for cattle going out?

A Yes.

THE COURT:

Q Now, the point is are we correct, Mr. Merrill, in assuming  
that these are all association cattle that you had on  
hand on the 2nd of January, 1963. This is rather  
important. Think it over.

A Yes, I think it is.

Q All right, go on.

MR. WEIR:

Q Now, here again I'm not guaranteeing accuracy on these  
figures, and I hope that you, being a professional cattle  
man, will correct me if I am wrong. On January the 9th  
the 36 heifers would be fed for 468 animal days?

THE COURT:

Q That is from the date that you bought the last---

A You are trying to get around, how much, how--





Q We don't know what you did with 6,000 bushels of barley?

A I fed it to these 200 and some odd head of cattle sold in December.

Q We have no record of December.

A Oh yes. Didn't you just tell me about December?

Q When did you buy this barley?

A These 246 head. It was on December 10th, 1962.

Q Yes, but the barley isn't bought until after that?

A The barley was not paid for until after that, but it was purchased before that.

Q And when did you buy it?

A I arranged with Mr. La Valley at the start of the harvest season for the barley.

Q And it was delivered in---

A I hauled it myself.

Q You hauled it yourself?

A Yes. I bought all the barley that he had.

MR. WEIR:

Q When did you pick up the barley?

A As I needed it.

Q When was that? Over how long a period of time?

A Oh, three or four months.

Q The thing that I find rather strange about this is the fact that people selling feed to members of the Association seem to be able to get their money from



the Association just like that. Now, you are suggesting that this man waited for three or four months until you decided that well now he should get the payment. Why did he wait?

A I suppose that he didn't need it. That was the arrangement with him, and he will verify that.

THE COURT:

Q Well, perhaps Mr. LaValley is like some of the rest of the people, he is averaging a little.

A On income tax?

Q Yes.

A Very likely. Everybody does it.

MR. WEIR:

Q Now, would you look at an entry dated January the 16th, 1964?

A Yes.

Q Now, on this date you received a cheque for \$6,000.00. Now, as we have just gone through your account, Mr. Merrill, you do not appear to have any cattle whatsoever at that time, and yet you received an advance of \$6,000.00. Is that correct?

A Yes.

Q Why did you get an advance for \$6,000.00 if you didn't have any cattle at all?

A I had them ordered but they hadn't arrived.

Q So that you got an advance on the cattle that were ordered



before they came?

A Yes.

Q What did you do with the \$6,000.00?

A I paid expenses.

Q What kind of expenses? Did you buy any machinery or anything like that, or any sizable equipment with this money?

A No.

Q What type of expenses would it have been used to pay for? You didn't have any cattle?

A Fuel, fertilizer, and ordinary farm expenses.

THE COURT:

Q Did you meet your payments to the John Deere company of \$2,100.00?

A Yes, I did that.

Q You paid that out of the \$6,000.00?

A Yes. Actually this \$6,000.00 went to pay a note at the bank.

Q You mean the Toronto Dominion bank got \$6,000.00 of good Canadian Imperial Bank of Commerce money?

A That is correct.

Q You owed the bank, the Toronto Dominion Bank \$6,000.00?

A Yes.

Q And you came in and got \$6,000.00 from Mr. Hatch to pay that?

A Yes.





Q Did you intend to pay it? Is that why you got the money?

A Certainly.

Q In other words, you came in from Hillspring after visiting your banker in Cardston and you came in and deliberately got \$6,000.00 and went and paid the bank?

A Yes.

Q Again, I can't understand the thinking behind this, taking this money out of---you know what a co-operative is, Mr. Merrill?

A Yes.

Q It is supposed to be a group of farmers getting together and associating together for the common good so that they can mutually enjoy credit and buy things together and maybe sometimes be able to pay dividends to each other. But surely this is not using the co-operative in the proper manner do you think?

A It doesn't appear to be, does it?

Q Well, it isn't, is it? I don't understand the thinking behind this. Not only you, but several other people whom I have heard in the last week seem to think that this is a free bank account. Of course, I have no doubt that you intended to repay it, but it does not seem to me to be the proper use of these credit facilities. However, let us not sermonize. Let us continue.

MR. WEIR:

Q Mr. Merrill, what discussions, if any, did you have with



Mr. Hatch concerning your reasons for this advance? I presume that you went in and asked the Association for this advance, is that correct?

A Yes.

Q And who did you discuss this advance with? Am I correct in assuming that you discussed the matter with Mr. Hatch?

A Yes.

Q What did you tell him that you were going to use the money for?

A What I used it for.

Q Did you tell him that you were going to use it to pay a note at the bank?

A Yes.

Q And did you tell him what this money borrowed from the bank was used for? I gather that you borrowed at some stage or another some monies less than \$6,000.00 from the Toronto Dominion Bank, or was it more than that?

A No, it was not more than that.

Q Now, this \$6,000.00, was it intended to wipe out this note?

A Yes.

Q Now, what did you borrow this money from the Toronto Dominion Bank for?

A Farm operating expenses, and feedlot expenses.

Q Now, we have already gone through one series of transfers,



entries, which in effect reduce your account in October, of 1959, from what should have been/slightly in excess of \$50,000.00, it was reduced to just slightly in excess of \$30,000.00. You recall going through these transactions?

A Of this \$20,000.00 deal here?

Q Yes.

A Yes.

Q And we have already discussed that were it not for this credit of \$20,809.06, were it not for that credit, your account would have been considerably higher. Now, Mr. Merrill, you recall us going through this?

A Yes.

Q Now, you have told us that you do not know Mr. Johanson?

A No, I don't.

Q And you were not aware of these transactions?

A No, I was not.

Q Now, are you absolutely certain that you did not make any payments to Mr. Stewart Hatch, the supervisor?

A No, I didn't.

Q And you made no promise of any future payments to him?

A No.

Q That is all.

MR. MOSCOVICH CROSS EXAMINES THE WITNESS:

Q You owed the bank approximately \$6,000.00, the Toronto Dominion bank?

A Yes.





Q And you got that money for the purpose of financing your operations?

A Yes.

Q And if you did not owe the bank the \$6,000.00 odd dollars you probably would have owed a number of creditors a sum totalling the same amount?

A Yes.

Q And instead of having 15 people after you, you just had one institution after you?

A Yes.

Q And when you paid off this bank you were in fact paying for debts incurred out of your feed lot operations?

A That is correct.

Q That is all.

MR. LEITCH: No questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q What dealings did you have with Riverview Farms?

A Riverview?

Q Yes. Riverview farms.

THE COURT:

Q That is Mr. Hatch's---

A I didn't have any dealing with them. I bought some barley from them in the spring of 1963.

MR. PROWSE:

Q Well,---

A And I recall it was, it was about 1500 bushels. I got either





two or three loads. That was at \$1.15 a bushel.

Q For \$1.15 a bushel?

A Yes. And that is the only dealings that I have had with them.

Q Those were the only dealings that you had?

A Yes.

THE COURT:

Q 1.356 bushels and 25 pounds at \$1.15, \$1,559.00 and some odd cents. Is that about right?

A It could be.

Q You paid \$1,000.00 down, or at least you were charged \$1,000.00. It was taken out of your account, \$1,000.00 on the 26th of February, and on the 22nd of March the final amount was taken out?

A That could be right. I don't recall.

Q It is in your ledger card. February 26th, and March 22nd 1962.

MR. WEIR:

Q Do you see the \$1,000.00?

A Yes. Yes, \$559.00. And that is it.

MR. PROWSE:

Q Did you deal with Hark Tire Limited? Do you recall that account?

A I got grain from them back in 1956 or 1957.

Q Now, this spring, 1964, in the spring of 1964 after this Lethbridge Feeders Association affair became known, I



believe someone went out to your place and did a cattle count. Do you recall that?

A Yes sir, a representative of the bank, and I don't know who from the Association was there.

Q Don Nilsson, was it?

A No, Anderson.

Q Anderson?

A Yes.

Q Can you tell me how many cattle were declared at that time?

A 39.

Q How many?

A 39.

Q And what became of those?

A They were sold, all except one, sold last September or October.

THE COURT:

Q October the 14th?

A It is in the ledger.

MR. PROWSE:

Q There were more than 39 head of cattle on your farm at that time?

A Yes.

Q Whose were these other cattle?

A They were some registered Angus cattle there that belonged to my father.

Q But only 39 association cattle?



A Yes.

Q That is all.

THE COURT:

Q Could I look at Mr. M. M. Merrill's ledger. Well, that brings up a natural question, Mr. Merrill. With reference to all these feed advances, was any of this feed, in view of the fact that some of these animals on your place in the spring of this year belonged to your father, was any of this feed used to feed his animals?

A No.

Q Are you sure?

A I am positive. I have raised more than enough for that.

Q Is your operation successful?

A My feeding operation?

Q Yes.

A It doesn't look like it.

Q Why isn't it if you say that you raised enough feed to help feed your father's cattle?

A I have those 26 cows on shares.

Q Yes.

A And I have only had them for a couple of years.

Q Let us go back then. Do you keep books? We haven't found anyone yet that keeps books. Do you keep books?

A I didn't keep any books on my association business, but I did rough books on my other business.

Q You filed income tax?

A Yes.





Q And if you lost money on your association business you put it in if you lost?

A No. The only thing declared as income on the, from the association, was the money received from the association.

Q That is advances?

A Yes.

Q Wouldn't that show your---

A That \$6,000.00 I got last spring would go in as income for 1964.

Q We discussed a little while ago about the transfer of \$10,206.10 from your father's account on the 23rd of October?

A Yes.

Q Now, Mr. Merrill, that left \$4,910.88 in your father's account. On the 1st of January, 1962 that amount of money, plus interest of \$1,276.24 was transferred from your father's account to your account. Do you know anything about that?

A No, I don't.

Q Are you interested?

A Yes. I don't know anything about it.

Q Well,--

A The only thing I know about my father's account is that I think back in 1958 or 1959 when I fed cattle for him, you might say for him, association cattle, and I don't know how many there was, but I imagine it was that \$10,000.00



we are talking about.

Q Yes, but there is still another item of \$4,900.00 which Mr. Weir looked at that later on was transferred to your account, with interest for over 4 years coming to \$1,226.00. Now, did you get a statement from, statements from the auditor on that account asking you to verify it?

A Yes.

Q Did you verify it?

A Sometimes I did and sometimes I didn't.

Q Now, here is an item of \$6,000.00 that has been charged that you say that you don't know anything about. There is this \$1,000 and some odd dollars charged through Mr; Johanson that you don't know anything about. I don't quite get in my mind why you wouldn't be interested in checking your account to find out if these amounts are in there?

A In the future I would, but I didn't.

Q Or did this get so high that it didn't matter? It got up to \$53,000.00. Did it get so high that you just said---"Well, what is the use?"

A No, I didn't say "what is the use?" I am still operating.

Q It seems to me if there are items like this in your account that you should be after them and see what is happening?

A I didn't know that they were in there.

Q Well, this \$4,910.00 as of October the 1st, 1959, is the result of a commencement of purchases and sales starting



in January, 1958, in which there were about \$18,000.00 worth of cattle charged to your father's account. And then some were sold, and it ended up with these two items of 49 and \$10,206.00. And you don't know the transaction?

A No, I don't.

Q Did you know anything about the reports to the bank of what you owed?

A No.

Q For example, on the 31st of July, 1959, the association reported to the Royal Bank that on the 18th of December, 1958, that you did not owe the association any money. Your ledger card shows a debit of \$35,000.00 and something. On April the 30th, 1960, they reported to the bank a balance of \$27,059.64, whereas your ledger card said 47,059.64. So that the last five figures are correct, but the first two are \$20,000.00 out. But in June, 1961, this \$28,927.80 that was reported, and your ledger showed \$38,927.80. March 31st, 1962, they reported to the bank that your low for the year was \$8,927.85, and again the first five figures are correct, the only difference is the first two figures are wrong because your ledger showed instead of \$8,000.00, it showed \$38,927.85. And on March the 10th, 1963, they reported to the Bank that you owed \$22,991.61 and your ledger card showed this as 30,000.00 more, \$52,991.61. And you tell me that you knew nothing whatever about this deception of the bank?





A I didn't know that the bank didn't know all the business.

Q All the business?

A Yes.

Q In the course of those four or five years they gave wrong information not to one bank, but to three banks. The Royal Bank, the Imperial Bank, and the Canadian Bank of Commerce, and you knew nothing about it?

A No, I didn't know anything about it.

Q All right. That is all I have.

(WITNESS STANDS DOWN)

FIFTEEN MINUTE ADJOURNMENT)

JOHN PEREVERZIFF, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q Your name is John Pereverziff?

A Yes.

Q Where do you live?

A 521 - 21st Street North.

Q In Lethbridge?

A Yes.

Q Mr. Pereverziff, do you recognize these ledger cards?

A Well, I know what they are.

Q These are the ledger cards concerning your indebtedness to Lethbridge central feeders Association?

A Yes, I guess that is correct.

Q Have you seen them before?

A When I first started with them, but I haven't followed them





through.

Q I wonder if you would assist me. Would you hold onto these cards and we will just go through some of these items here. I notice in 1958, marks the beginning of your first transactions through the association, and I see it involves some lamb deal?

A Yes, that is correct.

Q And I see that in the late fall of 1958 there was a balance of \$4,614.62. Is that correct. December 15th, 1958, is that correct?

A Yes, that is what it says.

Q Now, Mr. Pereverziff, I see on November the 2nd, 1959, these lambs were sold for \$1,473.40?

A Yes.

Q Leaving a balance in your account of \$1,794.99?

A Yes.

Q And in the interval between those dates you made payments to the association?

A Yes, on the lambs.

THE COURT:

Q Were you selling a few lambs all the time?

A Yes. I sold the lambs and paid back the money on the sheep that I bought so that the lamb crop paid for the sheep.

Q Up to the point ---up to a point, and then you had some left that you didn't pay.



MR. WEIR:

Q At least this particular entry on November the 2nd, 1959, where there is a balance of \$1,794.99. This marks the end, I believe, of the lamb and sneep dealings put through this ledger card?

A No, I sold at least two crops of lambs on that batch of sheep that I got. There were two batches of lambs sold.

Q But this would be after this particular date of November the 2nd, 1959?

A They were sold in the fall of each year.

Q But this at least marks the end of any sheep dealings through the Association. You didn't buy any sheep through the association?

A No.

THE COURT: There is a sale of lambs, Mr. Weir, on the 24th of September, 1960. \$690.25.

MR. WEIR: Yes, that is correct Your Honour.

Q Now, on March the 30th, 1960, there was a cheque issued to G.M.A.C, Lethbridge, for \$2,940.00 by the Lethbridge Central Feeders Association, and this was charged to your ledger account. Did you instruct anybody to arrange this for you?

A In the spring of 1960 there was a truck purchased from Renfrew Motors, Calgary, and I traded a truck off on that particular truck that was bought, and the balance was paid to G. M.A.C. The balance of the truck I traded



off through this cheque here, it was paid to G.M.A.C., and the truck traded in and was then traded in to Renfrew Motors, Calgary, and the Lethbridge Central Feeders Association paid them the cheque on that.

THE COURT:

Q \$5,200.00?

A I believe that is correct.

MR. WEIR:

Q This is the amount in the ledger card, \$5,200.00?

A Yes. Paid to Renfrew Motors.

Q Yes.

A Yes, that is correct.

Q And this was done pursuant to your instructions?

A No, I was brought up with the deal. I never asked to have that truck. This was the original deal, if I traded this equipment in, and the truck was purchased, it was the property of Lethbridge Central Feeders. Also at that time I had a 1958 Freuhauf trailer put in as security with that for the Lethbridge Central Feeders Association. Now, the trailer was mine. It had nothing to do with anything here, but this equipment was in the feeder association, it was actually theirs. They put the money up for the equipment and they took the security for the equipment.

Q Did you approach Mr. Hatch, the supervisor, about this arrangement?







A No, I didn't approach him. He approached me.

Q He approached you?

A Yes.

Q And he made this suggestion?

A Yes. He said--"How are things going?" and I said "Not too bad and not too good." He said "Do you think that a new truck would be the answer?" I said "I don't know."

Q So then you wound up with a new truck?

A Yes, and that was the property of Lethbridge Central Feeders Association.

THE COURT:

Q Why did Mr. Hatch want you to have a new truck? What were you doing?

A I was primarily hauling livestock for Lethbridge Central Feeders.

Q From where to where, and for what purpose?

A All over Central---all over the country as far as that goes. I think I went in and out of every association member's in Alberta or around the Southern part of the country.

Q To association members?

A Yes, and from.

Q Did you take cattle to Portland?

A Yes, and to Seattle, and to Winnipeg. Just about anywhere they shipped cattle that I could truck them I think I was there.

MR. WEIR:

Q Now, on May the 2nd, 1960 there is a small cheque to your-



self for \$400.00, and then I see the balance at that time on that date was \$11,164.00. Is that correct?

A Yes.

THE COURT:

Q You say that the truck belonged to Central Feeders. In whose name was the license?

A The truck was licensed and insured under my own name at all times.

Q So that actually to the public you were the owner?

A Yes, that is correct.

Q Any arrangements between you and Central Feeders for that, for you to pay out?

A I believe there was some cheques taken off. I don't know the exact date. I think in 1960 and 1961 on the trips that I made to Portland that would be paid back on the account.

Q Was there any separate account set up?

A No. I don't know about it. There was no separate account as far as this went, but there was a bookkeeping system set up by the Lethbridge Central Feeders Association. It was set up by Mr. Hatch and taken care of by Ted Anderson in the spring of 1963.

Q That was after you got into pretty serious difficulties?

A Yes.

MR. WEIR:

Q Now, let us turn to a few other balances Mr. Pereverziff.



January 31st, 1961?

A Yes.

Q What was the balance at that particular time?

A \$9,228.70.

Q Now, let us go ahead to February the 12th, 1962. Did you find that figure?

A February what?

Q February the 12th. \$11,538.74. Is that correct?

A Yes.

Q Now, on the following day there is this cheque to you for \$2,430.81. Is that correct?

A Yes, that is correct. That cheque was made out to me and paid to the Freuhauf Trailer company for the second trailer.

THE COURT:

Q Did you buy another trailer?

A I had it bought before this cheque was made, and Lethbridge Central Feeders paid the balance owing on this trailer, but it was their property again. They put the money into it they had to have security to cover it.

MR. WEIR:

Q But again it was in your name?

A Yes.

Q Was there any mortgage of any description that they had against it?

A Who?





Q Lethbridge Central Feeders, that they had?

A Yes, everytime they paid for a piece of equipment it was their equipment. They had to have security to cover it.

Q Was there a formal document to prove that they had this legal ownership? These are simply advances to you.

A No, I didn't sign anything over to them until the spring of 1964.

THE COURT:

Q That is after the blow up?

A Yes. But at all times it was understood that they would have to be covered by any money that was put up as far as the equipment went.

Q Now, that puts you up to just about \$14,000.00.

MR. WEIR:

Q Is that correct?

A Yes, that is correct.

Q Now, let us move ahead to March the 15th, 1963?

A There is no March 15th here. March 14th is here.

THE COURT:

Q Are you looking at the balance of \$17,906.98?

MR. WEIR: Yes.

Q \$17,906.98. Is that correct?

A Yes, that is correct.

Q Now, on the 21st there is a cheque to I.A.C. for \$400.00. That is to the Industrial Acceptance Corporation?





A Yes, that is correct.

THE COURT:

Q What was that for?

A I am not sure, but I believe for payment on a motor job on the truck. A balance paid on it.

Q You had to get a motor overhaul?

A Yes.

MR. WEIR:

Q Was this a complete payout of that indebtedness to them?

A I think I paid some of it and this was the balance.

Q When this cheque was issued for \$400.00 on---

A I'm not sure that is the cheque, but I think that is the amount.

Q Well, what I'm asking you is that this particular cheque that we are looking at now of March, dated March 22nd, 1963 in the sum of \$400.00, would this have wiped clean your indebtedness to Industrial Acceptance Corporation, or is this a down payment?

A No, if ~~that~~ is the particular cheque it would be paid up. It would be clear.

Q So that you think that this would have cleared it up?

A Yes.

Q There is a cheque to Central Livestock Cartage, This is in effect you again, isn't it?

A Yes. In March, March 29th, 1963, it was set up that Central Livestock Cartage, when the books were done under



the supervision of Mr. Hatch and Ted Anderson, because it was the two signatures on the cheque, I guess that they wanted to see where the money would go and what it was, and they set it up.

Q So that they kept the books?

A Yes.

Q Was this a limited company?

A No, it was not.

Q Was this trade name registered at the Court House?

A No.

THE COURT:

Q So that---was that name put on the truck?

A Yes, it was put on the truck. It was on the truck since 1960.

Q Central Livestock Cartage?

A Yes.

Q And You say that Mr. Hatch and Mr. Anderson signed the cheques?

A No, Mr. Anderson and myself.

MR. WEIR:

Q Signed cheques on behalf of Central Livestock Cartage?

A Yes.

THE COURT:

Q What did you get the \$3,000.00 for?

A License plates and insurance.



MR. WEIR: March 29th, 1963.

THE COURT:

Q That is for license plates, \$3,000.00?

A Yes, that is what the money was mostly used for.

Q What do you mean by "mostly"?

A I believe that the license plates were \$800.00 per truck, so that is \$1600.00, and the balance paid on insurance.

Q \$1400.00 for insurance?

A No, the insurance runs close to about, it is just about as much as the license plates. It is about \$800.00 a truck.

Q All right.

MR. WEIR:

Q Now on April the 5th, 1963, there is an entry of \$2,068.00. I'm showing you a cheque together with an explanation in the journal, and this is the amount, is it not, that is charged to your account marked on that journal entry, \$2,068.00?

A Yes.

Q Now, up here there is an explanation. Will you read that explanation?

A Freuhauf Trailer, \$2,068.00.

Q So then that this amount of money would have presumably been received by them. Now, for what? Is this again for more equipment?

A There was only one trailer paid for by them.





Q What would this be for then, April the 5th, 1963? Just take your time?

A This cheque is marked "Lethbridge Central Feeders Holding Pens".

Q The total of this covers several other accounts received, that particular cheque is almost \$8,000.00. But the charges made to your account was \$2,068.00?

A Yes.

Q Now, do you recall receiving anything from this organization, Freuhauf Trailers, or would it be payment of a past debt?

A I am sure it would be in payment on a trailer. They only paid for the one trailer. I had the two trailers, but I paid for one myself, and there was one that they paid for.

Q Would this be payment on that one?

A There was only one payment, and it would be the full amount. I don't know whether this is the one that you just showed me.

Q We have examined a few other documents. I can't recall which one you said was the payment?

MR. MOSCOVICH: \$5,200.00 was Renfrew.

MR. PROWSE: It was the \$2,430.00.

THE COURT:

Q Yes. On February the 13th, 1962, \$2,430.81?

A Yes, that was the trailer.

Q That is endorsed by Freuhauf?

A Yes.



Q How much did this trailer cost?

A At the time I bought it it was worth about \$4,500.00.

Q And how did you pay for it in addition to this \$2,430.00?

A I had a trailer I traded in, and made payments, and the balance was paid off by Lethbridge Central Feeders.

Q Now, this big cheque, who is it from and who is it to?

MR. WEIR: By the Lethbridge Central Feeders Association, Your Honour, to the Lethbridge Central Feeders Holding Pens in the amount of \$7,988.00.

THE COURT: We'd better have a look at the Holding Pen books to see if there is a cheque to Freuhauf. Would you be able to find that out for us Mr. Williams?

MR. JOHN WILLIAMS: Isn't that the matter that the first cheque was paid out of the Holding Pens, and this is reimbursing the Holding Pens?

THE COURT: Yes, but we want to find the cheque for the Holding Pens. There are three items in here concerning Mr. Hinman of \$5,000.00 and some odd dollars deposited on calves, note, one note for Hinman \$2,000.00, 1960, 1960. And then this holding pen invoice #998, Fruehauf Trailer, \$2,068.00. We haven't got the cheques, but you might be able to find it in the ledgers. In the meantime let's go ahead.

THE WITNESS: I am not sure on this \$2,000.00. The Lethbridge Central Feeders Association paid out \$2,000.00



on a motor job on a G.M.C. deisel truck. They paid out a cheque on that.

THE COURT:

Q When was that?

A I believe in the spring of 1963?

Q That is not to Watrous?

A Yes.

Q Ok well, we are coming to that.

MR. WEIR: That is next.

Q This next cheque dated April 18th, 1963 in the amount of \$2,090.91 payable to Waterous Equipment by Lethbridge Central Feeders Association?

A Yes.

Q Now, would you explain this?

A That was a repair job on a motor of a G.M.C. deisel truck.

Q Repair on a motor?

A Yes.

Q That seems like a lot of money to me. How much would the motor cost new?

A It would be worth about \$8,000 or \$8,500, now.

Q This seems like a good legitimate charge then.

A That is actually cheaper than most.

Q I see. Now, April 30th, 1963, this is to you, a payment to you of \$2,093.00 by the Lethbridge Central Feeders Association?





A Yes.

Q That is your endorsement on the back of that cheque?

A Yes.

Q What did you use this money for?

A I am not sure just what it would be for.

Q April, 1963.

A I have a record of all these deals for 1963, from the spring of 1963, I have them in my truck, for anything made to me in the spring of 1963.

Q Would it explain what you did, for example, with this \$2,093.00?

A Yes. They kept my books for me in March, 1963.

Q Now, May 16th, 1963, a cheque in the amount of \$2,400.00, and this was to Central Livestock Cartage by the Association. Is that correct?

A Yes.

Q Now, I may be mistaken again, but these dates seem to be awfully close. Why is one cheque payable to you personally and the other to Central Livestock Cartage? The first cheque we have just looked at, you have recognized your endorsement on the back?

A Yes, That is my signature on it.

Q And it also refers to certain bills that appear to have been cashed rather than put on deposit. Do you not agree?

THE COURT:

What are the figures on the back?





MR. WEIR: 10/100, 16/50. 10/20. 9/10. 3/1.

THE COURT:

Q You should remember that Mr. Pereverziff, when you cash a cheque and get \$100 dollar bills for it.

A I should I don't recall that now. I am sure that they are in my books that I have got that I can show.

MR. WEIR:

Q When was it again that you started to have your records kept in the name of Central Livestock Cartage?

A In the spring of the year. I have the exact date because there was money advanced and put into that account.

THE COURT:

Q There was \$3,000.00 for the licenses and so forth in March.

MR. WEIR: Yes. March 29th, 1963, \$3,000.00 to Central Livestock Cartage.

THE COURT:

Q Why did they give you a cheque for \$2,093.00 in April, and then you cashed it in \$100 bills and put it in your pocket instead of putting it through the bank account of Central Livestock Cartage?

A I don't know. They were all put through the company.

Q I know, but you cashed this one?

A Yes.

MR. WEIR:

Q You acknowledged that you cashed this one?



A Yes. That is my signature on the cheque.

THE COURT:

Q And you don't know what you did with that money?

MR. WEIR:

Q Would you ordinarily walk around with this amount of money in cash on you?

A No, never.

Q Don't say "never". Presumably it happened on this occasion, April 30th, 1963. I know I would sure remember if I was walking around with almost \$2,100.00 in cash on me. You can't remember walking around with this money?

A No, I can't. I don't know why this cheque was issued to me at this time, but I know it should be in the records.

Q In the records of what?

A From the date my books were kept in the Association.

Q You see the entry here, it is marked April 30th, 1963.

MR. PROWSE:

Q Have you your records downstairs?

A I have all my cheques issued to me. I should have every stub. If the cheque was issued to me I should have every stub.

THE COURT:

Q You have the books now?

A I have the box of all my bills issued to me and my stubs.



Q We will leave this for the moment until tomorrow morning. In the meantime during the night you can look at these?

A I have them all here.

Q I know. We are not going to hold things up for half an hour while you look. Look during the night and come back here and if you can explain tomorrow morning---

A Well, I can try.

Q That is what we want you to do.

Now, what did Central Cartage use the next cheque for? What is it?

MR. WEIR: \$2,400.00, Your Honour.

May 16th, 1963.

Q Can you recall off hand what you used that for?

A No, I can't.

Q You will look that up tonight?

A Yes.

THE COURT:

Q Mr. Pereverziff, your account from March 22nd, until May 16th rises from \$18,000.00 to \$29,000.00.

MR. WEIR:

Q Do you see that figure, \$29,958.00?

A Yes, here.

THE COURT:

Q Without anything coming in, and nothing ever did come





in afterwards. There is not one receipt except for \$30.00 and \$41.60 and \$20.80, which I think probably that you will admit is your M. S. I. payment. And then a few more \$20.00 ones. Until the trucks were sold, of course.

A Yes, that is correct.

MR. WEIR:

Q I have listed a series of dates. Take a look at the first one, August the 17th, 1963. Jubilee Motors, \$613.65 charged to your account. Now, there are a number of these, a series of these. Immediately following that I see five separate payments in the amount of \$500.00. Then finally on February the 7th, 1964, a final payment of \$695.34. Now, I may have missed one, but there is certainly quite a series there. Will you <sup>is</sup> explain to us what this/all about?

A I had a truck at Jubilee Motors, in fact it was a truck and trailer, and it was turned back to Jubilee Motors. This is the money paid in between. But at the time while I used this truck I hauled shavings for Lethbridge Central Feeders. The truck was given back to Jubilee Motors, and this was the balance of money paid to Jubilee Motors from my account. Now, don't get this wrong. This account was paid by Lethbridge Central Feeders, but it was my account.

Q I know, it is charged to your account.



A Yes. I didn't know it was paid this way until they told me it was paid for. In fact at this time I would have taken any consequence except giving this piece of equipment back because I didn't have anything to do with it.

Q I'm not sure that I quite follow you here.  
You say that you owed some money to Jubilee Motors?

A Yes.

Q Now, you turned back some of your equipment to them?

A Yes.

Q When did you turn this equipment back to them?

A It was in the fall of 1962 or 1963. I'm just not too sure. It was in the fall.

Q You can check this tonight?

A Yes.

Q Now, after you turned this equipment back it would appear, if what you are suggesting is the possible dates that certain payments afterwards were made. Now, did you authorize any of these payments to be paid through the association?

A No. I tried to pay those payments by working a truck for Jubilee Motors to pay that back, but it didn't work out.

Q Your books were being kept in part by the association?

A Yes.

Q And one of the employees of the Association actually

A Yes. I didn't know it was paid that way until they told me it was paid for. In fact at this time I would have taken any consequences except giving this piece of equipment back because I didn't have anything to do with it.

Q I'm not sure that I can follow you here. You say that you owed some money to Justice Murphy?

A Yes.

Q Now, you turned back some of your equipment?

A Yes.

Q When did you turn this equipment back?

A It was in the fall of 1962 or 1963. I'm just not sure. It was in the fall.

Q You can check this tonight?

A Yes.

Q Now, after you turned this equipment back it would appear, if what you are suggesting is the possible dates that certain payments afterwards were made. Now, did you authorize any of these payments to be paid through the association?

A No. I didn't repay those payments by working a truck. I would have to pay that money back.

Q Now, the money was kept in part by the association?

A Yes.



would co-sign your cheques?

A All cheques that had to come out of Central Livestock Cartage at that time would have to be signed by Ted Anderson and myself.

Q Now, these payments are charged to your account?

A Yes.

Q And you never mentioned this to anybody in the Association?

A No. But I mentioned it to Ted Anderson that I owed this money and I didn't know how it was going to be paid for.

Q Did you ask him to make any arrangements that he wanted to make?

A No, I didn't make any arrangements.

Q Did you speak to Mr. Hatch, the supervisor, concerning this indebtedness to Jubilee Motors?

A Yes, I did.

Q When did that conversation take place? Was it before this first entry of August 17th, 1963?

A Yes, because at the time I worked, I believe, for the month of July for Jubilee Motors to pay off that account.

Q So you had this discussion with Mr. Hatch before any payments whatsoever were made to Jubilee Motors?

A Yes. There was myself and Mr. Hatch and Takeda.



Q Now, what conversation took place at that time?

A They wanted money to come out of the cattle trucking to pay for that account, and I said that it couldn't be done.

Q What did Mr. Hatch say?

A There wasn't too much said after that at all. They just said we will see what is going to happen. And I said what is going to happen will happen and I can't do anything about it. I said that I didn't have enough money in this account to pay that.

Q So that you are absolutely certain that you had no knowledge whatsoever that these payments, or in fact any payments, would be made to Jubilee Motors and charged to this account of yours with the Lethbridge Central Feeders Association?

A No, that is not right. I was told that we were going to try to work this out, but I didn't know if was worked out this way until after it was done. It was paid for and done before I found out.

Q How do you mean worked out?

A Well, we were going to---I started to, I started to work that truck for Jubilee Motors and I paid them \$600.00 on the account.

Q Did you make any more payments yourself personally?

A No, I didn't.

Q But you say that you had no knowledge of these entries





or any entries?

A No, not at that time. The only way I found out about those amounts of money was when I seen Takeda here just before Christmas and I got the amounts from him.

Q But how could you work out any account if no payments were being made? You say that you didn't make any more yourself. You must have felt that the Association was going to make some if you were not?

A No. When that account came up I would have gone to jail. I couldn't pay that account. I didn't know that the account was being paid off that way because I tried to pay it off before any of this money was paid.

Q So all these payments came as a complete surprise?

A Yes. Well, I thought it was going to be able to be worked out someway, but I didn't know it was being paid off at \$500.00 a month.

Q Did you think some payments were being made to Jubilee Motors?

A They didn't bother me.

Q You must have assumed that they were happy?

A Yes, or they were letting me ride. And also in 1963 I had no access to money on my own at all. They had to be signed by two people, Ted Anderson and myself.

THE COURT:

Q Who did sign these cheques?

A It wasn't me.

MR. WEIR:



Q It was Central Feeders?

THE COURT: Oh, I see.

MR. WEIR:

Q During this period of time of these entries that we have just referred to, during this period of time you didn't know any money whatsoever was being paid to Jubilee motors?

A No, not at that rate.

Q At any rate?

A No, I didn't know. I knew at the time it was paid I was told that your account with Jubilee Motors was paid for.

Q Well, I hope I am not belabouring this too much but I want to make sure, I want to make absolutely certain that I get this correct message from you. Now, did you know of your own knowledge that any payments in any amounts were being paid from the Lethbridge Central Feeders to Jubilee Motors on your behalf for this indebtedness?

A No, not at the time this was paid. I was told after it was all paid that the account was paid.

Q Let us take between August the 17th, 1963 to February the 7th, 1964. You didn't know between that period of time that any payments were made?

A No. In fact at that time my books were kept by the Association and I had no money access to me at all



that I could have made any payments with.

Q All right. Let's go back again. You said prior to August 17th, 1963, there was a discussion between you and Mr. Hatch and the manager of Jubilee Motors?

A Yes.

Q At which time it was indicated that this account would be worked out?

A It would be tried to be worked out.

Q And you didn't hear anything by way of a complaint from the manager of Jubilee Motors during that period of time?

A That is correct. When I worked that first month to pay this account I told Mr. Hatch about it because Central Feeders owned the equipment.

Q All right. Now, let's go back. If you knew that the account was going to be worked out---

A I didn't know that.

Q The conversation was that something would be done to work this account out?

A That might be worked out. Not that it would be.

Q I presume that the manager of Jubilee Motors indicated that he wanted this account paid?

A Yes.

Q You didn't hear any complaints from him during this period of August 17th, 1963 to February the 7th, 1964?





A No.

Q Did you assume that he was just carrying you in effect?

A No, because the way I assumed it I tried to pay that off to start with, working the equipment.

Q What did you assume?

A That they were going to give me time to pay it off.

Q You assumed that Jubilee Motors were going to give you time to pay it off?

A Yes.

Q And they were notgoing to bother you during that period?

A They didn't bother me.

Q No, they didn't bother you?

A No.

Q So that you assumed they were happy to wait until you had enough money to go in and pay them?

A Yes, or pay some of it.

Q November the 14th, 1963, will you look at that entry. On that second last entry on this page, November 14th, 1963, there is an item "Central Livestock" and there is a credit to you of \$13,696.14.

THE COURT:

Q That was quite a happy day, Mr. Pereverziff. Do you know anything about that?

A No, I never paid any money back to them.

Q You didn't have it very long, we are assured of that.



MR. WEIR:

Q On December 20th, 1963, there is a debit to your account in the amount of \$3,696.14, and a payment to Mr. H. G. Conrad?

A Yes.

Q Is that correct?

A Yes.

Q And this is the cheque?

A Yes.

Q Now, did you have any discussion with anyone concerning this transaction?

A No.

Q Let us go over to another month, January the 3rd, 1964, and another debit indicating a cheque to the same individual in the amount of \$10,000.00?

A No, it is not the same fellow.

Q You are in the wrong line.

A Yes.

Q One is payable to H. G. Conrad and the other to H. Conrad. The cheque payable to H. Conrad is endorsed "H.G. Conrad".

THE COURT:

Q So that you didn't keep it very long?

A No.

MR. WEIR:

Q So that this appears to eliminate that entry we



referred to originally of \$13,696.14?

A Yes.

Q Now, this certainly helps to lower your account for a certain period of time over the year end, at least. You say that you had no knowledge about this at all?

A No.

THE COURT:

Q Do you know Mr. Conrad?

A No, not really.

Q No reason for putting \$13,000.00 of his money in your account?

A No, no reason at all.

MR. WEIR:

Q Now, this is a cheque dated January the 3rd, 1964, indicating a payment to Rex Anderson in the sum of \$1,197.32?

A Yes.

Q December 3rd, 1963 there is a credit to your account from Central Livestock, and then in brackets it has "\$1,197.32"?

A Yes.

Q The same type of in-out transaction?

A Yes.

Q Did you have any knowledge whatsoever concerning this year end transaction?

A No.



Q These latter figures involving Rex Anderson and the previous figures involving H. Conrad?

A No, I didn't have any dealings with them at all.

Q Did you have any discussion with Mr. Hatch other than the ones that you have already mentioned concerning the difficulty your account was undergoing?

A It was understood from the start if any money that was spent on equipment, that they wanted security for it, and the only security I had for it was the equipment. That was understood right from the spring of 1960.

THE COURT:

Q What happened after December 16th, 1963? No, before that. April, 1963, when all these payments were made amounting to \$12,000.00 in the course of a month, and then after that there is not one dollar that comes into the account?

A 1963?

Q Yes, 1963. In the spring of 1963 when the payments were made to Waterous and yourself and Cental Cartage, and there is not another dollar comes in until the equipment is sold. Are there no earnings?

A Yes, but it was all put back into the equipment and wages and fuel.

Q So there was no net income?

A Yes, there was an income, but expenses too.





Q I said a net income?

A No, no profit.

Q Nothing to go on your debt?

A No.

Q Nothing to go on what they paid out for licenses and insurance?

A No. There was no money taken out of that account for that at all.

Q Nothing to pay for \$100.00 bills that you cashed?

A We don't know what happened to that money yet.

Q Fine. But all this money, \$10,000.00 or \$12,000.00, that you got in this one month, none of it was returned?

A No, not in the year. There was no money put back from 1963 to 1964.

Q Why did Mr. Hatch give you all this?

What was the idea of the operation?

A Well,---

Q Was it beneficial to the Association?

A I don't know. It was a service given to them.

Q Couldn't they have done it a lot cheaper by hiring?

A Well, they could have, but actually when you stop and think for the three units they had, there was \$33,000.00 involved, and that is not too much money to spend for 3 trucks and 2 trailers.

Q But it ends up in practically a total loss?

A I don't know what they sold the equipment for.



Q Well, finally they got \$2,025.23 after paying everything off.

MR. PROWSE:

Q Isn't there another \$8,000.00 to come by payments?

THE COURT: I don't know. I didn't know that.

MR. PROWSE: I thought there was.

THE COURT: Well, they got \$10,000.00.

Q You don't know what they got?

A No, I don't know what they sold the equipment for.

MR. WEIR:

Q There are a number of cheques to Ron Fawcett?

A Yes.

Q What is that for?

A Wages.

Q Wages?

A Yes. That is trucking shavings. They took care of paying the wages as well. We were trucking the shavings for Central Feeders.

Q What is that?

A This was an account set up.

Q Trucking shavings?

A Yes. And they took care of the wages and payments and the rest of the money was never drawn out.

Q These were paid out of your account?

A Yes, paid out of my account, but by them.

Q The---They appear in your ledger cards and I don't quite



understand why they have trucking shavings up at the top.

A That is what this man was doing with that particular truck. His primary job was to truck shavings.

Q So the association were reminding themselves that they were to charge this up to the individual members who were receiving the benefit of these shavings?

A Yes.

Q Now, we have a few other entries I want to refer to. Perhaps if I just read them off you can recall them. December 27th, 1961, to Williams Agencies in the sum of \$418.00. And a few months before, September 15th, 1961, to the same Williams Agencies for \$250.00?

A Yes. That was insurance.

Q So you are still paying insurance in addition to the insurance payments that you referred to before?

A No, this was prior.

Q This was prior?

A Yes. This was for 1962, I believe. The entries that you see on that could be for 1963.

Q I see. Did you always have your insurance handled through Williams Agencies?

A Yes, until 1963 and I had it handled through---I can't think of their name now.

Q And you have indicated before that you paid your licenses out of a certain cheque in addition to insurance. Now, May 4th, 1962, I see a payment to self for \$1,050.00.





And I have marked in brackets in my own notes "licenses". I don't know whether that is correct or not. This is May the 4th, 1962.

THE COURT:

Q Is that the same year as the cheque?

MR. MOSCOVICH: The cheque was 1963, April.

THE COURT: That is another year.

MR. WEIR: I'm not suggesting that they are all the same, Your Honour.

Q But this would be for licenses as well?

A The licenses run about \$800.00.

Q A cheque that you received on May the 4th, 1962, \$1,050.00. Can you recall that without checking?

A No, but I will try and check it out and bring it in tomorrow.

Q You received M.S.I. through the association as well, which is charged to your account, is that correct?

A I believe we checked that out in the spring of 1963. I had M.S.I. for myself and the fellow working for me, and it was put through the Lethbridge Central Feeders Association M.S.I., and I paid them directly.

Q Now, you have indicated that you did not contact Mr. Hatch concerning these wonderful benefits that you have realized, at least driving new trucks instead of old trucks, or older trucks?

A They were old trucks except one new one.



Q Mr. Hatch suggested the idea to you of how nice it would be to drive a new truck. It was his idea?

A Yes, it was his idea. But it was also put to me that I would have to put up additional security with the truck. The truck was never specifically mine.

Q But it was always in your name?

A Yes, all the equipment was.

THE COURT:

Q Why wouldn't it be in the Association's name when it was their truck, their equipment?

A Well, I don't know why it wasn't because I kept all the insurance, and the insurance had to be paid up. I don't know whether it was in case of accident or something that they might not want to get involved, but it was always their equipment from any money that was ever spent on it.

MR. WEIR:

Q At least you considered it their equipment, whether it was legally or not. However, that is another point?

A Yes. I understood it was if they spent money on it that they had security on the equipment.

THE COURT:

Q Are you suggesting now that you don't owe this money?

A That I don't owe it?

Q Yes.



A No, I was propositioned from, I guess it was in April, about April 15th, 1964, that what I could do about this account, and how I wanted to pay it, and I said a man could not pay \$33,000.00 without time, and you cannot pay on a piece of equipment like that unless you have a lot of time, because your equipment goes down to the point where it depreciates.

Q I am just wondering---

A They wanted to know how I could pay it and I said that it would take at least 10 years to pay it.

Q Are you suggesting now that you don't owe the money because it is their equipment?

A No, I didn't say that.

Q Wouldn't that be the natural result? If they owned the equipment wouldn't that be the natural result?

A That equipment was never---It was always in my name from the day it was bought. It was never transferred over to them until 1963.

MR. WEIR:

Q Now, the first entries on these ledger cards we have looked at, they involve sheep?

A Yes.

Q Now, at this stage when you received this money back in 1958, or at least credit to assist you in buying the sheep?

A Yes.





Q Did you discuss with Mr. Hatch the possibility or the thought of you becoming a member of the Association?

A No, never.

Q How did you arrange it?

A For the sheep?

Q Yes. If you didn't discuss it with Mr. Hatch how did all of a sudden---

THE COURT: That is not the question that you asked him. You asked him if he ever discussed the question of joining the association.

MR. WEIR: That is precisely what I am getting at, Your Honour.

Q You did not discuss the thought of joining the Association?

A No, I never did.

Q And yet the Association was lending you credit for the sheep?

A I didn't think at the time that they were. At the time I hauled those sheep I hauled them to Saskatchewan and returned and hauled them back for the Association, and then at that time they had no place to put the sheep and I put them out until they found out what they were going to do with those sheep.

Q I see.

A And when it came about on that money for the sheep, and that, it got towards spring, and it was either me paying him for the time that I kept them or I purchase





the sheep, which I purchased the sheep.

Q So that you purchased the sheep?

A Yes. And there was no arrangement for anything else. I got stuck with hauling them down there, and I had to haul them back. I would have got paid in any event which ever way it was.

Q Did you receive anything for driving down?

A No.

Q You didn't receive anything at all?

A No.

Q Is it reasonable for me to suppose that the fact that you did not receive any payment for this travelling that you were involved with that this was in effect an arrangement to accommodate you, the fact that you would not have to pay for a membership?

A No, there was no membership discussed at all.

Q Yet the association was in effect financing this arrangement for the sheep?

A Yes.

Q This you admit?

A Yes.

Q You made payments on this account?

A Yes.

Q So in effect the Association was lending you money, or allowing you the opportunity of having sheep initially paid for by the Association?



A Yes, that is correct. I don't know the arrangement they had on the sheep, but I know I had the sheep for quite a few months before I purchased them.

Q Yes. These amounts here, this first amount we mentioned---

THE COURT: We know that he got three loads

Q of sheep. What is the discussion about?

MR. WEIR: I am just trying to establish, your Honour, that Mr. Pereverziff had or did not have discussions with Mr. Hatch concerning the fact that he would not have to pay for a membership because of certain other arrangements.

THE COURT: I don't think there was any discussion about membership. As I say those ledger cards were full of people who bought and did not become a member. I don't think it is an issue at all. I don't see it.

MR. WEIR: All right, Your Honour. I just want to make it quite clear that there were no discussions at all about branching out into the sheep feeding business or anything like that.

THE WITNESS: No, there never was.

MR. WEIR:

Q Now, Mr. Pereverziff, you have certainly outlined to us today the fact that you received a substantial amount of money from a co-operative feeding association. And you say that Mr. Hatch approached you with the



thought of putting you in a newer truck, and giving you better better equipment and helping to finance you and in fact later on completely taking over the financing, watching the financing of your Central Livestock Cartage?

A Yes, that is what happened.

Q Now, did you pay Mr. Hatch personally any monies whatsoever for this special service that you received?

A No, I didn't.

Q Did you ever promise to pay Mr. Hatch anything personally for these benefits that you received?

A No, I didnot.

Q And you acknowledge that you received quite a few benefits. I know it is only a small item, the M.S.I., and it is a benefit that a member who pays \$500.00 to join the association doesn't get.

A Yes, but I believed that that was paid for and I can show you receipts where it was paid for.

Q It is a group policy and you got it a little cheaper than you would if it were a private contract.

A I believe it is, that this is \$20.00 a month, and I paid \$12.00.

Q That is all.

MR. LEITCH: I have no questions.

MR. PROWSE CROSS EXAMINES THE WITNESS:

Q With regard to equipment turned in to Jubilee Motors, what would your equity be in that equipment?







A I had no equity in it at all.

Q Who had an equity in it?

A A fellow by the name of Harold Kuzman. I took over the account when I started.

Q You took over Kuaman's truck?

A Yes.

Q And Kuzman owed this money to Jubilee Motors?

A No, it was a financed truck from when it was new. He had it for about a year or two. It was about a 1961 or 1960 truck. He had it for about 2 years, and then I took it over. I had no equity in it at all.

Q Was the money paid Jubilee for repairs done by Jubilee on the truck, or a balance of the purchase monies owing?

A There was a trailer and truck and everything else like that.

THE COURT:

Q Mr. Prowse is opening up a proposition. What was this account for? Was it for a truck and trailer or for repairs?

A No, I gave the truck back.

Q Why did you pay Jubilee Motors another \$1,600.00?

A There was a purchase between a truck and a trailer from Jubilee Motors.

Q Oh, you got something else.

A One was Harold Kusman's truck and the other was a



trailer purchased on the same account.

Q Oh, so that you got a trailer and you owed \$1,600.00?

A No, more than that.

Q And then Lethbridge Central Feeders paid it by \$500.00 a month?

A Yes.

Q What happened to the trailer?

A I sold the trailer.

Q To whom?

A To a fellow in B.C.

Q What did you do with the money?

A I kept it at home.

Q I thought that you just told us that Lethbridge Central Feeders Association owned your equipment really?

A Not this particular piece of equipment.

Q Oh, all right.

MR. PROWSE:

Q Just with regard to that cheque. You remember cashing a cheque in the amount of \$2,000.00?

A I will check that out. I don't remember.

Q You don't remember it?

A No, not right off hand. No, not right off hand.

Q That is all.

MR. WEIR: You will be back tomorrow  
then Mr. Pereverziff?

A Yes.



(WITNESS STANDS DOWN)

(HEARING ADJOURNED AT 4:15 P.M. UNTIL 10:00 A.M. ON  
JANUARY 6th, 1965.)





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